

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended 30 September 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2009 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2008 RM '000	CURRENT YEAR TO DATE 30/9/2009 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2008 RM '000
1 Revenue	4,820	7,066	15,856	27,993
2 Profit/(loss) before tax	(240)	5,722	(662)	4,372
3 Profit/(loss) for the period	(240)	5,722	(662)	4,372
4 Profit/(loss) attributable to ordinary equity holders of the parent	(248)	5,735	(665)	4,392
5 Basic earnings/(loss) per share (sen)	(0.07)	1.51	(0.17)	1.16
6 Proposed/Declared 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 assets per share attributable to ordinary equity holders of the parent (RM)	0.21		0.21	

Part A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2009 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2008 RM '000	CURRENT YEAR TO DATE 30/9/2009 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2008 RM '000
1 Gross interest income	27	30	60	61
2 Gross interest expense	2,050	2,119	5,977	6,406

CONDENSED FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE 9 MONTHS ENDING 30 SEPTEMBER 2009

	INDIVIDUAL QUARTER		Cumulative Quarter	
	CURRENT YEAR QUARTER 30/9/2009 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2008 RM '000	CURRENT YEAR TO DATE 30/9/2009 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2008 RM '000
1 (a) Revenue	4,820	7,066	15,856	27,993
(b) Investment income	-	-	-	-
(c) Other income	208	133	733	275
2 (a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	(2,153)	(1,340)	(4,637)	(1,582)
(b) Finance cost	(2,050)	(2,119)	(5,977)	(6,406)
(c) Depreciation and amortisation	(207)	(282)	(727)	(958)
(d) Exceptional items	-	-	-	-
(e) Profit/(loss) before income tax, minority interests and extraordinary items	(4,410)	(3,741)	(11,341)	(8,946)
(f) Share of profits and losses of associated companies	4,170	9,463	10,679	13,318
(g) Profit/(loss) before income tax	(240)	5,722	(662)	4,372
(h) Income tax	-	-	-	-
Profit/(Loss) for the period	(240)	5,722	(662)	4,372
(i) Attributable to				
(i) Equity holders of the parent	(248)	5,735	(665)	4,392
(ii) Minority Interest	8	(13)	3	(20)
	(240)	5,722	(662)	4,372
(j) Earnings/(loss) per Share				
(i) Basic (sen)	(0.07)	1.51	(0.17)	1.16
(ii) Diluted (sen)	Anti-Dilutive	1.09	Anti-Dilutive	0.88

The condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2008.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009

	AS AT END OF CURRENT QUARTER 30/9/2009 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2008 RM '000
ASSETS		
Non-current assets		
Property, Plant and Equipment	32,827	33,519
Investment properties	15,470	15,470
Property Development Expenditure	35,300	35,300
Investments in Associates	114,216	115,487
Other Investments	6,256	6,256
Goodwill on consolidation	-	-
	204,069	206,032
Current assets		
Land and Development Expenditure	25,845	24,964
Gross amount due from customers on construction works	9,353	10,222
Inventories	1,199	1,199
Trade Receivables	44,123	44,512
Other Receivables	89,760	43,352
Tax recoverable	-	4,298
Amount due from associates	1,644	36,915
Cash, bank balances and deposits	2,269	2,329
	174,193	167,791
TOTAL ASSETS	378,262	373,823
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	190,012	190,012
ICULS	58,484	58,484
RCCLS	5,826	5,826
Reserves		
Share Premium	135,003	135,003
Exchange Fluctuation Reserve	(22,424)	(25,041)
Revaluation Reserve	4,783	4,783
Capital Reserve	1,400	1,400
Accumulated Loss	(292,767)	(289,913)
	80,317	80,554
Minority Interests	1,557	1,558
Total equity	81,874	82,112
Non-current liabilities		
Long Term Borrowings	-	34,174
Retirement benefit obligations	281	273
	281	34,447
Current liabilities		
Trade Payables	58,169	63,887
Other Payables	102,149	99,394
Provisions	4,680	4,680
RCCLS	124,972	84,822
Amount due to associates	1,485	1,744
Provision for taxation	4,652	2,737
	296,107	257,264
Total liabilities	296,388	291,711
TOTAL EQUITY AND LIABILITIES	378,262	373,823

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS ENDING 30 SEPTEMBER 2008

	Attributable to Equity Holders of the Parent		Non-Distributable		Accumulated Loss RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	ICULS RM'000	Share Premium RM'000	Other Reserves RM'000				
At 1 January 2008	190,012	58,484	5,826	135,003	(11,988)	269,543	1,151	270,694
Currency Translation differences Dividend for ICULS	-	-	-	(4,510)	-	(4,510)	(46)	(4,556)
Net income/(expense) recognised directly in equity	-	-	-	(2,183)	(2,183)	(2,183)	-	(2,183)
Rights issue expenses Profit for the period	-	-	-	(4,510)	(2,183)	(6,693)	(46)	(6,739)
At 30 September 2008	190,012	58,484	5,826	135,003	(16,498)	267,242	1,085	268,327

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS ENDING 30 SEPTEMBER 2009

	Attributable to Equity Holders of the Parent		Non-Distributable		Accumulated Loss RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	ICULS RM'000	Share Premium RM'000	Other Reserves RM'000				
At 1 January 2009	190,012	58,484	5,826	135,003	(18,858)	80,554	1,558	82,112
Currency Translation differences Dividend for ICULS	-	-	-	2,617	-	2,617	(4)	2,613
Net income/(expense) recognised directly in equity	-	-	-	(2,189)	(2,189)	(2,189)	-	(2,189)
Profit for the period	-	-	-	2,617	(2,189)	428	(4)	424
At 30 September 2009	190,012	58,484	5,826	135,003	(16,241)	80,317	1,557	81,874

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

CONDENSED FINANCIAL STATEMENTS

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE 9 MONTHS ENDING 30 SEPTEMBER 2009**

	2009 9 months ended 30 Sept RM'000	2008 9 months ended 30 Sept RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(662)	4,372
Adjustments for:		
Share of results of associated companies	(10,679)	(13,318)
Depreciation	727	958
Gain on foreign exchange	2,617	(4,510)
Interest expenses	5,977	6,406
Interest income	(60)	(61)
Operating (loss) / profit before working capital changes	<u>(2,080)</u>	<u>(6,153)</u>
Gross amount due to / (from) customers on construction contracts	869	(3,778)
Inventories	-	-
Trade and other receivables	(46,019)	(21,750)
Trade and other payables	2,470	21,188
Land and development expenditure	(881)	2,773
Investment properties	-	156
Associated companies balances	35,012	3,770
Cash used in operations	<u>(10,629)</u>	<u>(3,794)</u>
Dividend paid	(1,381)	(1,462)
Net cash used in operating activities	<u>(12,010)</u>	<u>(5,256)</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 2008

CASH FLOWS FROM INVESTING ACTIVITIES

Dividend received from associated companies	11,950	5,447
Net cash (used in)/generated from investing activities	<u>11,950</u>	<u>5,447</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities	<u>-</u>	<u>-</u>
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NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(60)	191
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EFFECTS OF EXCHANGE RATE CHANGES	-	-
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,329	2,223
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>2,269</u>	<u>2,414</u>
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CASH AND CASH EQUIVALENTS COMPRISE:

Cash, bank balances and deposits	2,263	2,403
Cash held in Housing Developers Account (Housing Development Account) Regulations, 1991	<u>6</u>	<u>11</u>
	2,269	2,414

Bank overdrafts	-	-
	<u>2,269</u>	<u>2,414</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 2008

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

CONDENSED FINANCIAL STATEMENTS

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS - MASB

A1. Basis of Preparation

The interim financial statements for the financial quarter and nine months period ended 30 September 2009 are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

A2. Audit Report

The audit report of the Group's audited annual financial statements for the year ended 31 December 2008 was subject to the following qualification : -

- (a) The detailed information of the amount included in a branch of the Company was not made available to us. Therefore, we are unable to carry out the necessary audit procedures in verifying the existence and the accuracy of the payables of the branch which amounted to RM24.04 million.
- (b) The financial statements of the Group were consolidated based on the management accounts of the following subsidiaries:-

	Revenue RM'000	Profit/(loss) * RM'000	Surplus/(deficit) in shareholders' fund RM'000
(i) Pilecon Private Limited	-	(11)	(17,867)
(ii) Zionville Private Limited	733	636	(368)
(iii) Pilecon Industrial Engineering Sdn Bhd	7	(42)	2,016
(iv) E&E Equipment Private Limited	-	(30)	(4,627)
(v) E&E Machinery Private Limited	101	94	(2,277)
(vi) Biltrade Private Limited	-	(5)	(2,035)
(vii) CNP Construction Private Limited	-	(3)	(646)

* Profit/(loss) reflected above represents profit/(loss) before taxation

As a result of the basis of consolidation, the Group's financial statements are subject to changes upon the audit of these management accounts.

The Company is currently resolving the issues raised in the qualified opinion.

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 30 September 2009.

A5. Changes in Estimates

There was no material change in estimates of amounts reported in prior financial year that have a material effect on the financial quarter ended 30 September 2009.

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 30 September 2009.

A7. Dividends Paid

There was no dividend paid during the financial quarter ended 30 September 2009.

A8. Segmental Reporting

Primary reporting format - business segment

	3 months ended		9 months ended	
	30.09.09	30.09.08	30.09.09	30.09.08
Segment Revenue (RM'000)				
Revenue from continuing operations:				
Construction	4,734	6,428	14,076	25,954
Property development	619	1,403	2,519	5,600
Hotels and Resorts	446	404	1,497	1,228
Others	-	-	-	-
Total revenue including inter-segments sales	5,799	8,235	18,092	32,782
Elimination of inter-segments sales	(979)	(1,169)	(2,236)	(4,789)
Total	4,820	7,066	15,856	27,993
Segment Results (RM'000)				
Results from continuing operations:				
Construction	(1,632)	(1,929)	(4,428)	(1,964)
Property development	(846)	388	(1,088)	(494)
Hotels and Resorts	94	(80)	122	(134)
Others	(3)	(31)	(30)	(9)
Total results from continuing operations	(2,387)	(1,652)	(5,424)	(2,601)
Unallocated income	27	30	60	61
Total	(2,360)	(1,622)	(5,364)	(2,540)

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 30 September 2009.

A12. Commitments and Contingencies

(a) Contingent Liabilities

Contingent liabilities of the Group include the following:-

	As at 31/12/2008 RM '000	As at 25/11/2009 RM '000	Increase/ (Decrease) for the period
Guarantee given in respect of leasing arrangement granted to former subsidiary	8	8	-
Guarantee given to suppliers in connection with facilities granted to former subsidiaries	247	247	-
Creditors' claim from legal suits	20,589	20,589	-
	20,844	20,844	-

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 RM4.8 million with operating loss before share of profits from associates of RM4.4 million. The Group recorded a nine months turnover of RM15.8 million with operating loss before share of profits from associated companies of RM11.3 million. The loss of the Group is attributable to high operating and financing costs.

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

The Group recorded a turnover in the third quarter of 2009 of RM4.8 million as compared to RM6.9 million in the second quarter of 2009. The Group's loss before tax in the third quarter of year 2009 was RM0.2 million as compared to loss before tax of RM1.3 million in the second quarter of 2009. The lower loss recorded for the third quarter of 2009 is due mainly higher contribution of associated companies

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
Provision for current year	-	-
Prior year tax	-	-
	-	-

B6. Profit on Sale of Investments and/or Properties

There was no sale of investments and/or properties for the current financial period ended 30 September 2009.

B7. Quoted Securities

(a) There was no purchase or disposal of quoted securities for the current financial period ended 30 September 2009.

(b) The Company does not have any investment in quoted securities as at 30 September 2009.

B8. Status of Assets Disposal Programme

On 12 January 2009, the Company accepted the offer made by Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad), on behalf of MMC Corporation Berhad ("MMC") pursuant to the Malaysia Code on Take-Overs & Merger 1998 ("Offer") to dispose 5,050,000 ordinary shares of RM1.00 each in Equiventures Sdn Bhd, a 25.5% owned associated company for a total cash consideration of RM47,318,500. On 31 March 2009, MMC returned to the Company all documents relating to the acceptance Offer. After considering all aspects of this issue, the Company decided not to pursue the offer

B9. Group Borrowings and Debt Securities

	As at 30/09/2009 RM '000
(a) Short-term borrowing	
- Secured	124,972
	<u>124,972</u>

Included in the Other Payables is interest accrued of RM21.2 million and included in the Provisions is provision of corporate guarantee of RM4.7 million.

(b) The Group does not have Long term borrowings

B10. Off Balance Sheet Financial Instruments

There was no financial instrument with off balance sheet risk as at 25 November 2009, 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 25 November 2009 involving claims exceeding RM5 million are:-

- i) E & E Equipment Sdn Bhd ("E&E"), a wholly owned subsidiary of the Company 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. The trial has commenced and is to continue from 9th to 11th December 2009.
- ii) Constrajaya Sdn Bhd ("CSB") filed a claim on 6 August 2001 against Johor Coastal Development Sdn Bhd ("JCD"), a subsidiary of the Company, for the refund of RM9,018,400.00 being part of the purchase price paid for Lots 7 and 14 of Parcel C at Johor Bahru Waterfront City ("JBWC"). The High Court allowed CSB's claim. On appeal, the Court of Appeal reduced the amount to be refunded to RM7,148,000.00.

Both parties have now appealed to the Federal Court. Meanwhile, the Court has dismissed JCD's application to stay execution of the Order to refund the balance of the purchase price amounting to about RM7,148,000.00 to CSB. Consequently, CSB served a winding-up petition on JCD which scheduled for hearing on 7 May 2007 and was adjourned to 22 May 2008. At the same time JCD's solicitors applied to the Federal Court for a stay of execution pending the hearing of the main appeal to the Federal Court. Hearing of the stay of execution which was fixed for hearing on 13 January 2009 is postponed to a date to be fixed. However, all pending actions are now academic because the Scheme of Arrangement ("Scheme") undertaken by JCD pursuant to Section 176 of the Companies Act, 1965 was effective with the lodgement of the Court Order to the Companies Commission of Malaysia on 31 December 2008. Settlement of debts to CSB is conditional upon CSB fulfilling the requirement of the Scheme.

iii) Legal action was commenced on 22 May 2001 by Kenworth Engineering Ltd (formerly known as UDL Kenworth Engineering Ltd) against the Company for the following:

- (a) HK\$8,401,504.41 for labour and materials supplied for electrical and mechanical works;
- (b) Damages in the sum of HK\$4,326,114.02; and
- (c) Sum of HK\$2,107,768.24 for costs of additional work and the use of additional labour and costs and reasonable costs incurred by reason of unavoidable delay and disruption of working.

The Company counterclaimed HK\$13.1 million being the liquidated damages and other cost reimbursement. The Plaintiff and Defendant are currently exchanging witness statements and experts' reports. No trial date has been fixed.

iv) In year 2004, the Company received from the International Court of Arbitration of The International Chamber of Commerce a statement of the following claim filed by FMT Aircraft Gate Support Systems AB ("FMT") :

- (a) Swedish Kroner 5,746,516.71 being currency losses arising from late remittance to Sweden for FMT's share of contractual payments;
- (b) RM388,290.87 being FMT's share of payments wrongfully retained by the Company; and
- (c) RM354,659.52 being custom duties wrongfully paid out and debited against FMT's account.

No date has been fixed for the trial.

v) By a letter dated 11 August 2004, the State Government purported to terminate the Privatisation cum Development Agreement dated 3 April 1993 ("the said Agreement") between JCD and the State Government for the development of JBWC, due to alleged breaches of the said Agreement.

JCD's solicitors are currently referring the dispute with the State Government to arbitration pursuant to the terms of the said Agreement. JCD's solicitors opinion is that, based on available documentary evidence, JCD stands an even chance of challenging the validity of the termination by the State Government. The Kuala Lumpur High Court is in the process of approving the 3 arbitrators to preside over the pending arbitration.

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
30/9/2009	30/9/2008	30/9/2009	30/9/2008

a) Basic Earnings

Net profit / (loss) attributable to shareholders (RM'000)	(248)	5,735	(665)	4,392
Weighted average no of ordinary shares in use ('000)	380,024	380,024	380,024	380,024
Basic earnings/(loss) per share (sen)	(0.07)	1.51	(0.17)	1.16

b) Diluted Earnings

Net profit / (loss) attributable to shareholders (RM'000)		5,735		4,392
After tax effect of interest on RCSLS (RM'000)		2,111		Anti-Dilutive
Adjusted profit (RM'000)		<u>7,846</u>		<u>4,392</u>
Weighted average no of ordinary shares in use ('000)		380,024		380,024
Number of shares to be issued upon conversion ('000)		336,967		116,967
Number of shares used in calculation of dilution ('000)		<u>716,991</u>		<u>496,991</u>
Diluted earnings per share (sen)	Anti-Dilutive	1.09	Anti-Dilutive	0.88

By order of the Board

Shah Alam
30 November 2009