

**PART A: EXPLANATORY NOTES AS PER FRS 134**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008.

The significant accounting policies, methods of computation and basis of consolidation applied in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

**A3. Seasonal or Cyclical Factors**

The operations of the Group were not significantly affected by any major seasonal or cyclical factors during the current quarter under review and financial year-to-date ("YTD").

**A4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cashflows during the current quarter under review and financial YTD.

**A5. Material Changes in Estimates**

There were no changes in estimates that have a material effect in the quarter under review and financial YTD.

**A6. Debt and Equity Securities**

There were no issuance, cancellation, share buy-back, resale of shares bought back and repayment of debt and equity securities by the Company during the current quarter under review and financial YTD.

## A7. Dividend Paid

There was no dividend paid during the quarter under review and the financial year-to-date.

## A8. Segmental Information

	3-month ended		YTD 3-month ended	
	31.03.09 RM'000	31.03.08 RM'000	31.03.09 RM'000	31.03.08 RM'000
<b>Segment Revenue</b>				
Revenue from continuing operations:				
Energy Engineering	49,581	61,565	49,581	61,565
Logistics Engineering	77,191	33,493	77,191	33,493
Total revenue from continuing operations	126,772	95,058	126,772	95,058
Revenue from discontinued operations	-	1,616	-	1,616
<b>Total</b>	<b>126,772</b>	<b>96,674</b>	<b>126,772</b>	<b>96,674</b>
<b>Segment Results</b>				
Results from continuing operations:				
Energy Engineering	7,829	6,348	7,829	6,348
Logistics Engineering	9,268	500	9,268	500
Total results from continuing operations	17,097	6,848	17,097	6,848
Results from discontinued operations	-	(662)	-	(662)
Total results from operations	17,097	6,186	17,097	6,186
Unallocated corporate income	657	20	657	20
Gain on disposal of subsidiary	-	2,011	-	2,011
<b>Total</b>	<b>17,754</b>	<b>8,217</b>	<b>17,754</b>	<b>8,217</b>

## A9. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment as the Group does not adopt a revaluation policy on property, plant and equipment.

## A10. Significant events subsequent to the quarter under review

There were no significant events subsequent to the quarter under review.

## A11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial YTD.

## A12. Contingent Liabilities

The contingent liabilities of the Group as at 31 March 2009 are as follows:-

	<b>31.03.09</b> <b>RM'000</b>	<b>31.03.08</b> <b>RM'000</b>
Bank guarantees given to third party in respect of performance guarantee given by subsidiaries	<u>90,829</u>	<u>-</u>

## A13. Capital and Operating Lease Commitments

(a) The capital commitments not provided for in the financial statements are as follows:

	<b>31.03.09</b> <b>RM'000</b>	<b>31.03.08</b> <b>RM'000</b>
Approved and contracted for		
- Property, plant and equipment	16,247	17,000
- Development costs	3,056	-
	<u>19,303</u>	<u>17,000</u>
Approved but not contracted for		
- Property, plant and equipment	33,492	59,000
- Development costs	14,523	32,000
	<u>48,015</u>	<u>91,000</u>
Total	<u>67,318</u>	<u>108,000</u>

(b) The Group has entered into non-cancellable operating lease agreements for property, plant and equipment. Commitments for future minimum lease payments as at 31 March 2009 are as follows:

	<b>RM'000</b>
Later than 1 year	566
Later than 2 years and not later than 5 years	1,691
Later than 5 years	2,514
Total	<u>4,771</u>

#### **A14. Significant related party transactions**

The following is the Group's significant related party transaction:

	<b>3-month ended 31.03.09 RM'000</b>	<b>YTD 3-month ended 31.03.09 RM'000</b>
- Administrative service fee paid /payable to holding company	290	290
- Airline ticketing services provided by Lintas Travel And Tours Sdn Bhd, a company connected to a Director.	340	340

Save as disclosed above, there was no other significant related party transaction in the quarter under review and financial YTD.

## **PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

### **B1. Review of Performance for the Quarter**

The Group recorded revenue of RM126.8 million for the 1<sup>st</sup> quarter ended 31 March 2009 against RM96.7 million in the corresponding quarter of 2008, an increase of 31.1%. Improved revenue for the quarter was contributed by higher Rail sales of the Logistics Engineering Division from commencement of monorail project.

The Group registered a net profit of RM17.8 million for the current quarter compared to RM8.2 million in the corresponding quarter of 2008. The significantly higher net profit for the quarter was largely a result of contribution from the Rail unit. In addition, Machine Shop operations of the Energy Engineering Division registered higher net profits due to higher margin contracts on connectors and accessories supply works.

### **B2. Results against Preceding Quarter**

The Group recorded revenue of RM126.8 million for the current quarter, representing an increase of 11.1% over the RM114.1 million generated in the preceding quarter ended 31 December 2008, mainly due to higher revenue recognition on Rail and higher Coach sales.

The Group achieved a net profit for the current quarter of RM17.8 million compared to a net loss of RM9.3 million in the preceding quarter mainly due to higher contribution from the Rail unit. Net loss registered in the preceding quarter was attributed to reduced margins from higher logistics and handling charges as well as higher overheads from the expansion and development works associated with building internal capability and enhancing competencies in the Logistics Engineering Division.

### **B3. Current year prospects**

The Malaysia Institute of Economic Research has revised downwards the country's gross domestic product forecast for 2009 to -2.2% from 1.3% earlier on the back of export slump arising from the global economic turmoil. Improvement on the economy would depend on the global measures that has been announced and implemented to give a desirable effect and bring about stability in the second half of this year.

With these uncertainties in the global and local economy outlook, consumer demand will consequently remain weak and credit will become increasingly challenging. This downtrend is expected to continue to impact the Group's performance in 2009.

Recognizing the challenges ahead, management will continuously monitor and take measures to ensure asset optimization, prudent cash management and risks mitigation initiatives. At the same time, management will maintain and implement its cost savings measures to remain competitive and to continue to focus on growth and productivity.

### B3. Current year prospects (continue)

The Energy Engineering business will continue to contribute positively to the Group in 2009 with the new facilities in Saudi and Johor Bahru in full operations. The Division will continue to increase its machine utilization to generate optimum revenue. To boost the machine shop business, the division is also investing in development of a new connector in an effort to expand the market coverage in the casing and connector markets.

For Logistics Engineering business, contribution from the Rail unit is anticipated to lead the performance of the Group in 2009. With its current international recognition, the Rail unit will aggressively pursue other domestic and overseas monorail projects to further strengthen its business.

Despite the uncertainties of the global economy, the outlook for public transportation looks bright as Governments worldwide are expected to invest more in public transport infrastructure projects to stimulate domestic economy. Domestically, the prospects for public transport are also encouraging as the Government has increased investment allocation for the sector to improve the LRT, commuter rail and bus systems in urban areas. Given the Rail unit's track record and expertise in such projects, the Group will be able to capitalise on these opportunities.

### B4. Profit Forecast or Profit Guarantee

This section is not applicable as no Profit Forecast or Profit Guarantee was published or issued.

### B5. Income Tax Expense

	3-month ended		YTD 3-month ended	
	31.03.09	31.03.08	31.03.09	31.03.08
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	342	159	342	159
Foreign tax	1,806	2,263	1,806	2,263
Total tax expense	<u>2,148</u>	<u>2,422</u>	<u>2,148</u>	<u>2,422</u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated taxable profit for the period. Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions.

The lower effective tax rate of 11% (2008:21%) for the quarter is mainly due to the unabsorbed tax losses and unutilised reinvestment allowance of certain subsidiaries, and lower income tax rate of 18% (2008:18%) applicable to a subsidiary in Singapore.

### B6. Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the quarter under review and financial YTD.

## B7. Quoted and Marketable Investments

Investments in quoted securities as at 31 March 2009 are as follows:

<b>Non-current assets</b>	<b>31.03.09 RM'000</b>	<b>31.03.08 RM'000</b>
Quoted shares		
- at cost	2,594	2,594
- at carrying/book value	208	425
- at market value	142	283
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Unquoted shares	541	541
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<b>Current assets</b>		
Investment in a money market fund		
- at cost	-	500
- at market value	-	500
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## B8. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of issue of this report.

## B9. Borrowings (Secured)

The group borrowings which include hire purchase creditors are as follows:

	<b>31.03.09 RM'000</b>	<b>31.03.08 RM'000</b>
<b>Secured</b>		
Short term borrowings	66,491	64,268
Long term borrowings	46,139	13,890
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Total borrowings	112,630	78,158

Borrowings are denominated in the following currencies:

	<b>31.03.09 RM'000 equivalent</b>	<b>30.03.08 RM'000 equivalent</b>
US Dollar	12,420	11,165
Ringgit Malaysia	100,116	66,709
Singapore Dollar	94	284
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Total borrowings	112,630	78,158

**B10. Off Balance Sheet Financial Instruments**

Forward foreign exchange contracts are entered into by the Group in currencies other than the functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

All exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period the forward foreign exchange contract is settled.

As at 6 May 2009, the amounts of forward foreign exchange contracts that were entered into as hedges for payables and receivables were equivalent to RM5.6 million and RM9.9 million respectively. These amounts represent the future cash flows under contracts to purchase and sell the foreign currencies. The maturity periods of these forward contracts are less than six (6) months.

**B11. Changes in Material Litigation**

Neither the Company, nor any of its subsidiaries, is engaged in any litigation or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to proceedings, which might materially and adversely affect the financial position or business of the Company or any of its subsidiaries.

**B12. Dividend Payable**

No interim dividend has been declared for the current quarter under review.

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Directors have recommended a first and final tax exempt dividend in respect of the financial year ended 31 December 2008 of 5% per share (2007: 5% per share), amounting to a dividend payable of approximately RM13,785,000 (2007: RM13,778,813).



### B13. Earnings per share

The computations for earnings per share are as follows:

	<b>3-month ended</b>		<b>YTD 3-month ended</b>	
	31.03.09 RM'000	30.03.08 RM'000	31.03.09 RM'000	30.03.08 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	17,708	8,809	17,708	8,809
Loss from discontinued operations attributable to ordinary equity holders of the Company	-	(662)	-	(662)
Profit attributable to ordinary equity holder of the Company	<u>17,708</u>	<u>8,147</u>	<u>17,708</u>	<u>8,147</u>
Weighted average number of shares in issue ('000)	275,576	275,449	275,576	275,449
Dilutive effect of unexercised share option ('000)	-	5,203	-	5,203
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>275,576</u>	<u>280,652</u>	<u>275,576</u>	<u>280,652</u>

#### **(a) Basic Earnings per share (sen) for:**

Profit from continuing operations	6.43	3.20	6.43	3.20
Loss from discontinued operations	-	(0.24)	-	(0.24)
Profit for the period	<u>6.43</u>	<u>2.96</u>	<u>6.43</u>	<u>2.96</u>

#### **(b) Diluted earnings per share (sen) for:**

Profit from continuing operations	-	3.14	-	3.14
Loss from discontinued operations	-	(0.24)	-	(0.24)
Profit for the period	<u>-</u>	<u>2.90</u>	<u>-</u>	<u>2.90</u>

Note:-

There is no dilution in the earnings per share of the Company as the market price of the Company's ordinary shares as at the Balance Sheet date is anti-dilutive, as the market price is lower than the exercise price.

### B14. Authorisation for Issue

The interim financial statements were authorised for issue in accordance with a resolution of the Board of Director on 13 May 2009.