

PART A: EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation of Interim Financial Reports

The interim financial statements are prepared in accordance with the requirements of the Financial Reporting Standards ("FRSs") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Listing Requirements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2010.

The significant accounting policies adopted for the interim financial statements are consistent with those in the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new FRSs, Amendments to FRSs and Interpretations with effect from 1 January 2011.

Adoption of FRSs, Amendments to FRSs and IC Interpretations

FRS 3 (revised)	Business Combinations
FRS 127 (revised)	Consolidated and Separate Financial Statements
Amendment to FRS 2	Share-based Payment: Group cash-settled share-based payment transactions
Amendment to FRS 7	Financial Instruments: Disclosures and FRS 1 First-time adoption of financial reporting standards required enhanced disclosures
Amendment to FRS 132	Financial Instruments: Presentation
IC Interpretation 4	Determining whether an arrangement contains a lease
IC Interpretation 16	Hedges of a net investment in a foreign operation
IC Interpretation 17	Distribution of non-cash assets to owners
IC Interpretation 18	Transfers of assets from customers
Improvements to FRSs (2010)	

The adoption of the above standards, amendments to published standards and interpretations to existing standards does not have a significant financial impact to the Group.

FRSs, Amendments to FRSs and IC Interpretations issued but not yet effective

FRS 124 (revised)	Related Party Disclosure (effective from 1 January 2012)
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2011)
Amendments to IC Interpretation 14	The limit on a defined benefit assets, minimum funding requirements and their interaction (effective 1 July 2011)

A2. Qualification of Financial Statements

The preceding year annual financial statements were not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group's results were not materially affected by any major seasonal or cyclical factors.

A4. Unusual and Extraordinary Items

There were no unusual and/or extraordinary items affecting assets, liabilities, equity, net income or cash flows during the period under review.

A5. Material Changes in Estimates

The Group makes assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date including impairment of intangible assets, depreciation on property, plant and equipment, deferred tax assets that could arise from unused tax losses and unabsorbed capital allowances and, assessment of penalties and indirect taxes payable.

There were no material changes in estimates reported in the period under review.

A6. Issuance and Repayment of Debt and Equity Securities

Other than as disclosed below, there were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Company:-

(a) Share Capital

During the period ended 31 March 2011, the issued and paid-up share capital of the Company increased from 285,969,224 ordinary shares of RM1.00 each to 285,980,824 ordinary shares of RM1.00 each by the issuance of 11,600 new ordinary shares of RM1.00 each pursuant to the conversion of Irredeemable Convertible Unsecured Loan Stock ("ICULS").

(b) Treasury Shares

There were no repurchase of the Company's shares during the period.

A7. Dividends Paid

No dividends were paid during the period.

A8. Segmental Information

	3-mths ended		YTD 3-mths ended	
	31.03.11 RM'000	31.03.10 RM'000	31.03.11 RM'000	31.03.10 RM'000
Segment Revenue				
Revenue from continuing operations:				
Rail	68,206	85,819	68,206	85,819
Coach and Special Purpose Vehicles	10,981	17,737	10,981	17,737
Total revenue from continuing operations	79,187	103,556	79,187	103,556
Revenue from discontinued operations	-	25,367	-	25,367
Revenue	79,187	128,923	79,187	128,923
Segment Results				
(Loss)/Profit from continuing operations:				
Rail	(608)	8,878	(608)	8,878
Coach and Special Purpose Vehicles	(1,408)	(2,005)	(1,408)	(2,005)
(Loss)/Profit from continuing operations	(2,016)	6,873	(2,016)	6,873
Profit from discontinued operations	-	2,995	-	2,995
(Loss)/Profit from operations	(2,016)	9,868	(2,016)	9,868
Corporate expenses	(456)	(1,804)	(456)	(1,804)
(Loss)/Profit	(2,472)	8,064	(2,472)	8,064

A9. Valuation of Property, Plant and Equipment

There is 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 End of the Period

There were no significant events subsequent to the end of the period under review.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group during the period under review.

A12. Contingent Liabilities

The contingent liabilities of the Group as at 31 March 2011 are as follows:-

	31.03.11 RM'000	31.12.10 RM'000
Bank guarantees given to third party in respect of performance guarantee given by subsidiaries	100,746	100,365

A13. Capital and Operating Lease Commitments

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

	31.03.11 RM'000	31.12.10 RM'000
Approved and contracted for		
- Property, plant and equipment	-	-
- Development costs	49	49
	49	49
Approved but not contracted for		
- Property, plant and equipment	12,508	12,508
- Development costs	5,583	5,583
	18,091	18,091
Total	<u>18,140</u>	<u>18,140</u>

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

	31.03.11 RM'000
Due within 1 year	1,414
Due within 1 and 2 years	1,414
Due within 2 and 3 years	1,101
	<u>3,929</u>

A14. Significant Related Party Transactions

The following are the Group's significant related party transactions:

	3-mths ended 31.03.11 RM'000	YTD 3-mths ended 31.03.11 RM'000
Transactions with holding company		
- management fee payable	449	449
Transactions with a company connected to a Director		
- provision of airline ticketing services	278	278

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

B1. Review of Performance for the Quarter

B1 should be read in conjunction with A8 above.

The Group recorded revenue of RM79.2 million for the current quarter as compared to RM103.6 million for the corresponding quarter in 2010, lower by 24%.

Revenue from the Rail Division was RM68.2 million for the current quarter, representing a decrease of 21% over RM85.8 million recorded in the corresponding quarter in 2010 mainly due to lower value of work done from its monorail projects.

Revenue from the Coach and Special Purpose Vehicles was RM11.0 million, 38% lower compared to revenue in the previous year's corresponding quarter of RM17.7 million mainly due to lower coach sales.

Net loss for the current quarter was RM2.5 million compared to a net profit of RM8.1 million in the corresponding quarter last year mainly due to unrealised foreign exchange losses from translation of accrued receivables arising from the weaker Indian Rupees ("INR") against Ringgit Malaysia ("RM"). Apart from this, the quarter's results were also affected by lower contribution from the Rail Division and nil contribution from the machine shop subsequent to its disposal in June 2010.

B2. Results against Preceding Quarter

The Group recorded lower revenue of RM79.2 million for the current quarter compared to RM107.2 million in the preceding quarter mainly due to lower value of work done from its monorail projects and lower Coach sales.

Net loss for the current quarter was RM2.5 million against a net loss of RM23.3 million in the preceding quarter mainly due to losses in Coach from provisions and adjustments being made on inventories and higher recognition of unrealized foreign exchange losses due to the weaker INR against RM in the preceding quarter.

B3. Current Year Prospects

Barring any unforeseen circumstances, the outlook of the Group in 2011 is anticipated to be positive as its business performance is expected to improve with contribution from the KL monorail fleet expansion project and new potential monorail projects.

The Group will continuously pursue opportunities in monorail projects especially in Malaysia, Brazil and India to capitalize on the increasing demand and opportunities for infrastructure development in these countries. The Group continues to focus on project execution and stronger cost management.

B4. Profit Forecast or Profit Guarantee

The Group has not provided any profit forecast or profit guarantee.

B5. Tax (Credit)/Expense

	3-mths ended		YTD 3-mths ended	
	31.03.11	31.03.10	31.03.11	31.03.10
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax				
Malaysian income tax	73	-	73	-
Foreign tax	811	1,468	811	1,468
	884	1,468	884	1,468
Deferred tax	(1,120)	595	(1,120)	595
Total from continuing operations	(236)	2,063	(236)	2,063
Discontinued operations				
Current tax				
Malaysian income tax	-	128	-	128
Foreign tax	-	736	-	736
	-	864	-	864
Deferred tax	-	300	-	300
Total from discontinued operations	-	1,164	-	1,164
Total income tax (credit)/expense	(236)	3,227	(236)	3,227

Domestic current income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the taxable profit for the period. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax credit for the period was mainly due to recognition of deferred tax asset on unabsorbed losses, partly offset by taxes applicable to a subsidiary company in India with an effective tax rate of 34%.

B6. Unquoted Investments and/or Properties

There were no disposals of unquoted investments and/or properties during the period under review.

B7. Quoted and Marketable Investments

There were no purchases or disposals of quoted securities during the period under review. Investments in quoted securities as at 31 March 2011 are as follows:

	31.03.11 RM'000	31.12.10 RM'000
Non-current assets		
Quoted shares		
- at cost	2,594	2,594
- at carrying/book value	137	127
- at market value	137	127
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B8. Status of Corporate Proposal

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

B9. Group Borrowings and Debt Securities

The group borrowings and debt securities are as follows:

	31.03.11 RM'000	31.12.10 RM'000
<u>Current</u>		
Borrowings	122,134	143,582
Debt securities	2,041	2,053
	<hr/>	<hr/>
	124,175	145,635
<u>Non-current</u>		
Borrowings	46,016	46,562
Debt securities	2,041	2,566
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	48,057	49,128
	<hr/>	<hr/>
	172,232	194,763

The group borrowings and debt securities are denominated in the following currencies:

	31.03.11 RM'000 <u>equivalent</u>	31.12.10 RM'000 <u>equivalent</u>
Ringgit Malaysia	137,354	157,505
Indian Rupee	34,878	37,258
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	172,232	194,763

B10. Derivative 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.

Forward foreign exchange contracts are recognised on the contract dates and are measured at fair value with changes in fair value recognised in profit or loss.

The outstanding forward foreign exchange contract as at 31 March 2011 is as follows:-

Type of Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Gain RM'000
Forward foreign exchange contracts			
- Less than 1 year	4,555	4,051	504

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 Declared

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

B13. (Loss)/Earnings Per Share

The computations for (loss)/earnings per share are as follows:

	3-mths ended		YTD 3-mths ended	
	31.03.11 RM'000	31.03.10 RM'000	31.03.11 RM'000	31.03.10 RM'000
(Loss)/Profit from continuing operations attributable to owners of the Company	(2,472)	5,069	(2,472)	5,069
Profit from discontinued operations attributable to owners of the Company	-	2,995	-	2,995
	<u>(2,472)</u>	<u>8,064</u>	<u>(2,472)</u>	<u>8,064</u>
Weighted average no. of shares in issue ('000)	341,958	281,594	341,958	281,594
Dilutive effect of unexercised share option ('000)	-	3,710	-	3,710
Adjusted weighted average no. of ordinary shares in issue and issuable ('000)	<u>341,958</u>	<u>285,304</u>	<u>341,958</u>	<u>285,304</u>
(a) Basic (loss)/earnings per share (sen)				
- continuing operations	(0.72)	1.80	(0.72)	1.80
- discontinued operations	-	1.06	-	1.06
	<u>(0.72)</u>	<u>2.86</u>	<u>(0.72)</u>	<u>2.86</u>
(b) Diluted earnings per share (sen)				
- continuing operations	-	1.78	-	1.78
- discontinued operations	-	1.05	-	1.05
	<u>-</u>	<u>2.83</u>	<u>-</u>	<u>2.83</u>

There was no dilution in the earnings per share of the Company as at 31 March 2011 as the market price of the Company's ordinary shares was anti-dilutive, since the market price was lower than the exercise price.

B14. Realised and Unrealised Retained Profits

The realised and unrealised retained profits of the Group are as follows:

	As at	
	31.03.11 RM'000	31.12.10 RM'000
Total retained profits of the Company and its subsidiaries :		
Realised	11,667	10,236
Unrealised	(9,948)	(4,503)
	<u>1,719</u>	<u>5,733</u>
Less : Consolidation adjustments	(296)	(1,838)
Total Group retained profits	<u>1,423</u>	<u>3,895</u>

B15. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 May 2011.