

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 2011.

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 2011. In 2012, the Group is adopting the new International Financial Reporting Standards ("IFRS") compliant framework, Malaysian Financial Reporting Standards ("MFRS"). In adopting the new framework, the Group is applying MFRS 1 "First-time adoption of MFRS" which provides for certain optional exemptions and certain mandatory exceptions for first time adopters.

The adoption of the following standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2012 are:

MFRS 1	First-time Adoption of MFRS
MFRS 124 (revised)	Related Party Disclosures
Amendment to MFRS 112	Income Taxes
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	MFRS 119 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction
Amendment to MFRS 7	Financial Instruments: Disclosures on Transfers of Financial Assets

Adoption of the above standards, amendments to published standards and interpretations to existing standards did not result in any significant changes in the accounting policies. The following standards, amendments to published standards and interpretations to existing standards were issued but are not yet effective, and have yet to be adopted by the Group are:

Effective from 1 January 2013:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127 (revised)	Separate Financial Statements
MFRS 128 (revised)	Investments in Associates and Joint Ventures
Amendment to MFRS 101	Financial Statement Presentation
Amendment to MFRS 119	Employee Benefits

Effective from 1 January 2015:

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
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A2. Seasonal or Cyclical Factors

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

A3. 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.

A4. 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, assessment of penalties and indirect taxes payable, construction contracts profits and capitalised development expenditure.

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

A5. Issuance and Repayment of Debt and Equity Securities

- (a) There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Company during the period under review.
- (b) Breach of a loan covenant

A subsidiary of the Group did not fulfil a loan covenant ratio during the previous financial year, substantially due to the impact of unrealised foreign exchange losses, resulting in the reclassification of the long term portion of the borrowings from non-current liabilities to current liabilities. Indulgence was obtained from the bank during the current quarter.

A6. Dividends Paid

No dividends were paid during the period under review.

A7. Segmental Information

	3-mths ended		YTD 3-mths ended	
	31.3.12	31.3.11	31.3.12	31.3.11
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Rail	60,710	68,206	60,710	68,206
Coach and SPV	12,298	10,981	12,298	10,981
Revenue	<u>73,008</u>	<u>79,187</u>	<u>73,008</u>	<u>79,187</u>
Segment Results				
Rail	2,698	(913)	2,698	(913)
Coach and SPV	(1,211)	(1,346)	(1,211)	(1,346)
Corporate expenses	(1,438)	(449)	(1,438)	(449)
Profit/(loss) before taxation	49	(2,708)	49	(2,708)
Tax credit	23	236	23	236
Profit/(loss) for the financial period	<u>72</u>	<u>(2,472)</u>	<u>72</u>	<u>(2,472)</u>

A8. Material Events Subsequent to the End of the Period

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

A9. Changes in Composition of the Group

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

A10. Contingent Liabilities

The contingent liabilities of the Group as at 31 March 2012 are as follows:-

	31.3.12	31.12.11
	RM'000	RM'000
Bank guarantees given to third party in respect of performance guarantee given by subsidiaries	<u>122,177</u>	<u>121,968</u>

A11. Capital and Operating Lease Commitments

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

	31.3.12 RM'000	31.12.11 RM'000
Approved and contracted for		
- Property, plant and equipment	909	-
- Development costs	-	-
	909	-
Approved but not contracted for		
- Property, plant and equipment	9,635	10,549
- Development costs	3,409	3,612
	13,044	14,161
Total	13,953	14,161

- (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:

	31.3.12 RM'000	31.12.11 RM'000
Due within 1 year	2,454	2,444
Due within 1 and 2 years	1,798	2,485
Due later than 2 years	-	29
Total	4,252	4,958

A12. Significant Related Party Transactions

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

	3-mths ended 31.3.12 RM'000	YTD 3-mths ended 31.3.12 RM'000
Transactions with a company connected to a Director		
- provision of airline ticketing services	323	323

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

B1. Review of Performance

B1 should be read in conjunction with A7 above.

The Group's revenue for the current quarter of RM73.0 million was lower by RM6.2 million as compared to the corresponding quarter of RM79.2 million mainly due to lower work done on the Mumbai monorail project.

The Group however posted a profit before taxation for the current quarter of RM0.05 million as compared to the corresponding quarter's loss before taxation of RM2.7 million mainly due to higher interest income and unrealised foreign exchange gain on the back of the stronger INR.

Performance of each operating segment are analysed below:

(a) Rail segment

Revenue for the current quarter declined to RM60.7 million from RM68.2 million in the corresponding quarter, lower by RM7.5 million mainly due to lower value of work done on Mumbai monorail project, partly offset by higher work done on KL monorail fleet expansion project and Brazil Line 17 monorail project.

The segment posted a profit before tax for the current quarter of RM2.7 million as compared to the corresponding quarter's loss before tax of RM0.9 million mainly due to higher interest income and foreign exchange gain. At quarter end, translation of accrued receivables based on the stronger INR resulted in unrealised foreign exchange gain of RM0.5m against unrealised foreign exchange losses of RM6.4 million in the corresponding quarter.

(b) Coach and SPV segment

Revenue for the current quarter improved to RM12.3 million from RM11.0 million in the corresponding quarter, higher by RM1.3 million mainly due to higher SPV sales. The segment posted a loss before taxation for the current quarter of RM1.2 million as compared to the corresponding quarter's loss of RM1.3 million.

B2. Results against Preceding Quarter

The Group posted a profit before taxation for the current quarter of RM0.05 million as compared to the immediate preceding quarter's loss before tax of RM64.3 million. Losses in the immediate preceding quarter were mainly due to project cost adjustments at Mumbai project which affected the margins. Further to this, the weaker INR resulted in project revenue revision in Mumbai project and unrealised foreign exchange losses from translation of accrued receivables.

B3. Prospects

The Group will continuously pursue opportunities in monorail projects especially in Malaysia, Brazil and India to capitalize on the increasing demand for infrastructure development in these countries.

The Rail segment continues to focus on project execution for its KL and Brazil monorail projects and will target to complete its portion of work on the Mumbai monorail project by the approved timelines.

As for Coach and SPV segment, Management has been focusing on stringent costs management whilst taking measures to move the business forward and building up its order book.

The Board expects the Group performance in 2012 to be satisfactory.

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	
	31.3.12	31.3.11	31.3.12	31.3.11
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	3	73	3	73
Foreign tax	10	811	10	811
	13	884	1,595	13
Over provision of tax	(164)	-	(164)	-
	(151)	884	(151)	884
Deferred tax	128	(1,120)	128	(1,120)
Total tax (credit)/expense	(23)	(236)	(23)	(236)

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 quarter was mainly due to over provision of tax, partly offset by reversal of deferred tax assets.

B6. Status of Corporate Proposal

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

B7. Group Borrowings

The group borrowings are as follows:

Secured	31.3.12	31.12.11
	RM'000	RM'000
Non –Current		
Finance lease liabilities	462	482
	<hr/>	<hr/>
Current		
Bank overdrafts	100,749	116,320
Others:		
-Term loans	65,769	37,290
-Bankers' acceptances	1,931	4,128
-Trust receipt	76,516	69,191
-Finance lease liabilities	65	61
-Revolving credits	99,935	80,226
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	344,965	307,216
Total		
Bank overdrafts	100,749	116,320
Term loans	65,769	37,290
Bankers' acceptances	1,931	4,128
Trust receipt	76,516	69,191
Finance lease liabilities	527	543
Revolving credits	99,935	80,226
Total borrowings	<hr/>	<hr/>
	345,427	307,698

The group borrowings are denominated in the following currencies:

	31.3.12	31.12.11
	RM'000	RM'000
	<u>equivalent</u>	<u>equivalent</u>
Ringgit Malaysia	226,280	225,196
US Dollar	52,897	19,290
Indian Rupee	66,250	63,212
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	345,427	307,698

B8. 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.

B9. Dividend Declared

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

B10. Earnings/(Loss) Per Share

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

	3-mths ended		YTD 3-mths ended	
	31.3.12 RM'000	31.3.11 RM'000	31.3.12 RM'000	31.3.11 RM'000
Profit/(loss) for the period	72	(2,472)	72	(2,472)
Weighted average no. of shares in issue ('000)	337,386	341,958	337,386	341,958
Basic earnings/(loss) per share (sen)	<u>0.02</u>	<u>(0.72)</u>	<u>0.02</u>	<u>(0.72)</u>

There was no dilution in the earnings per share of the Company as at 31 March 2012 as the market price of the Company's ordinary shares was anti-dilutive, since the market price was lower than the exercise price.

B11. Current Status of the Matter Giving Rise to Qualification of Financial Statements

The preceding annual financial statement was not qualified.

B12. Additional Information:

The following items are included in the statement of comprehensive income:-

	3-mths ended 31.3.12 RM'000	YTD 3-mths ended 31.3.12 RM'000
Profit before taxation is stated after crediting:-		
- Interest income	922	922
- Other income including investment income	751	751
- Unrealised foreign exchange gain (net)	512	512
Profit before taxation is stated after charging:-		
- Interest expenses	7,026	7,026
- Depreciation and amortization	1,444	1,444
- Realised foreign exchange losses	1,016	1,016

Note : The finance costs included within cost of sales amounted to RM5,742,000 (3-mths ended 31.3.12).

There were no gain or loss on derivatives, provision for and write off of receivables and inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment assets and exceptional items.

B13. Realised and Unrealised Accumulated Losses

	As at	
	31.3.12 RM'000	31.12.11 RM'000
Total accumulated losses of the Company and its subsidiaries :		
Realised	45,162	54,217
Unrealised	34,601	25,637
	<u>79,763</u>	<u>79,854</u>
Less : Consolidation adjustments	(2,124)	(2,143)
Total Group accumulated losses	<u>77,639</u>	<u>77,711</u>

B14. 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 28 May 2012.