

**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 Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting 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 March 2013 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

Within the context of these condensed consolidated financial statements, the Group comprises the Company and its subsidiaries as at and for the quarter ended 30 June 2013.

The KLMS Project has encountered delays and certain Key Milestones have not been met as at 30 June 2013. The relevant subsidiary company had secured financing facilities totalling RM264.7 million for working capital purposes (such amounts included in the disclosure at B7). In view of the delays the lender has set a cumulative limit on the use of the financing facilities. The Project activities and work continues with the customer approving claims and billings and approving payments accordingly. The ultimate holding company has confirmed its intention to provide financial support to the Company to meet its liabilities and obligations under the Project as and when they fall due until the cumulative limit is uplifted.

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for 31 March 2013.

As of 1 April 2013, the Group and the Company have adopted the following MFRSs and amendments which are effective for annual periods beginning on or after 1 April 2013.

Effective for annual periods commencing on or after 1 April 2013

MFRS 13	Fair Value Measurement
Amendment to MFRS 101	Presentation of items of other comprehensive income
Amendment to MFRS 119	Employee benefits
Amendment to MFRS 7,	Financial Instruments: Disclosures
Amendment to MFRS 134	Interim Financial Reporting

The adoption of the above MFRSs and amendments does not have any material impact on the financial statements.

The following MFRS, amendments and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted.

Effective for annual periods commencing on or after 1 April 2014

Amendment to MFRS 132	'Financial Instruments: Presentation
-----------------------	--------------------------------------

MFRS 9      Financial instruments - classification and measurement of financial assets and financial liabilities

**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 cashflows 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, 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.

**A6. Issuance and Repayment of Debt and Equity Securities**

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.

**A7. Dividends Paid**

No dividends were paid during the period under review.

## A8. Segmental Information

	<b>3-months ended 30.06.13 RM'000</b>
<b>Segment Revenue</b>	
Rail	44,211
Coach and SPV	12,412
<b>Revenue</b>	<u>56,623</u>
<b>Segment Results</b>	
Rail	(14,875)
Coach and SPV	(203)
Corporate expenses	(1,330)
Loss before taxation	<u>(16,408)</u>
Tax expense	( 71)
<b>Loss for the financial period</b>	<u>(16,479)</u>

## A9. Material Events Subsequent to the End of the Period

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

## A10. Contingent Liabilities

The contingent liabilities of the Group as at 30 June 2013 are as follows:-

	<b>30.06.13 RM'000</b>
Bank guarantees given to third party in respect of performance guarantee given by subsidiaries	114,520
Claims by sub-contractors	<u>5,724</u>

## A11. Capital and Operating Lease Commitments

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

	<b>30.06.13</b> <b>RM'000</b>
Approved and contracted for	
- Property, plant and equipment	597
- Development costs	-
	597
Approved but not contracted for	
- Property, plant and equipment	10,503
- Development costs	25,550
	36,053
Total	<u>36,650</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:

	<b>30.06.13</b> <b>RM'000</b>
Due within 1 year	886
Due within 1 and 2 years	658
Due later than 2 years	57
Total	<u>1,601</u>

## A12. Significant Related Party Transactions

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

	<b>3-months</b> <b>ended</b> <b>30.06.13</b> <b>RM'000</b>
Transactions with a company connected to a Director	
- provision of airline ticketing services	121

**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 A8 above.

The Group's revenue for the current quarter and the financial year to date is RM56.6 million. The Group posted a net loss for the current quarter and the financial year to date of RM16.5 million.

Performance of each operating segment are analysed below:

(a) Rail segment

Revenue for the current quarter and for the financial year to date is RM44.2 million. The segment posted a loss before tax of RM14.9 million mainly due to net unrealised foreign exchange losses of RM14.7 million from both Mumbai and Sao Paulo Line 17 projects.

The Indian Rupee has weakened in this Quarter. As at end of March the closing rate against USD was 54.2849 and against MYR was 17.5554. However, the Indian Rupee closed weaker at 59.5335 against USD and at 18.8516 against MYR at the end of June 2013.

This has resulted in unrealised losses on INR collections from the Mumbai monorail project.

The Brazillian Real has weakened too. As at end of March 2013 the closing rate against USD was 2.0138. At the end of June 2013 the rate was 2.2156 against the USD. This has resulted in RM5.0 million unrealised foreign exchange losses on the USD Term Loan carried by a subsidiary, Urban Transit Servicos Do Brasil LTDA.

Excluding the unrealised foreign exchange losses, the Rail segment loss before tax is RM0.2 million.

(b) Coach and Special Purpose Vehicle ("SPV") segment

Revenue for the current quarter and for financial year to date is RM12.4 million. The segment posted a loss before taxation for the current quarter of RM0.6 million.

**B2. Results against Preceding Quarter**

The Group posted a loss before tax for the current quarter of RM16.4 million as compared to the immediate preceding quarter loss before tax of RM19.3 million mainly due to net unrealised foreign exchange losses as mentioned in B1 above.

### **B3. Prospects**

Despite the challenging global economic conditions and volatility in currency markets, the Group continues to strengthen its presence in Malaysia, India, and Brazil amidst intense competition. These countries have committed plans to develop Urban Rail Systems in their major cities.

The Rail segment continues to focus on implementation of key projects in Mumbai, KL and Sao Paolo.

As for the Coach and SPV segment, Management has taken measures to diversify the business by pursuing more leasing and refurbishment work like the Malacca coach leasing project to build up its order book. The Malacca coach leasing project has commenced and delivered its first set of coaches.

Given the above, the Board expects the performance for the Financial Year 2014 to be challenging.

### **B4. Profit Forecast or Profit Guarantee**

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

### **B5. Tax Expense**

	<b>3-months ended 30.06.13 RM'000</b>
Current tax	
Malaysian income tax	71
Foreign tax	-
	<hr/> 71
Under/(Over) provision of tax	-
	<hr/> 71
Deferred tax	-
Total tax expense	<hr/> <hr/> 71

Domestic current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the taxable profit for the period. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

### **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:

<b>Secured</b>	<b>30.06.13</b>	<b>31.03.13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current</b>		
Term loans	22,259	18,606
Finance lease liabilities	4,896	3,513
	<u>27,155</u>	<u>22,119</u>
<b>Current</b>		
Bank overdrafts	105,340	104,441
Others:		
-Term loans	69,505	68,968
-Trade facilities	26,334	88,645
-Finance lease liabilities	1,198	683
-Revolving credits	285,368	220,388
	<u>487,745</u>	<u>483,125</u>
<b>Total</b>		
Bank overdrafts	105,340	104,441
Term loans	91,764	87,574
Trade facilities	26,334	88,645
Finance lease liabilities	6,094	4,196
Revolving credits	285,368	220,388
Total borrowings	<u>514,900</u>	<u>505,244</u>

The group borrowings are denominated in the following currencies:

	<b>30.06.13</b>	<b>31.03.13</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b><u>equivalent</u></b>	<b><u>equivalent</u></b>
Ringgit Malaysia	406,058	394,040
Brazilian Real	51,838	50,630
Indian Rupee	57,004	60,574
	<u>514,900</u>	<u>505,244</u>

## **B8. Changes in Material Litigation**

Legal proceedings were instituted on 1 November 2012 by PJSI Consultants Sdn Bhd against Scomi Rail Bhd and the Company in the Kuala Lumpur High Court (Suit Number 22NCC-1602-11/2012) claiming for RM8,000,000 in relation to a dispute arising out of a Consultancy Service Agreement dated 25 March 2009 and a Site Audit Services Agreement dated 15 November 2011 (both connected with the Mumbai Monorail Project). The Company and its subsidiary, Scomi Rail Berhad, applied for and was granted a stay of proceedings by the Court on 8 May 2013

## **B9. Dividend Declared**

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

**B10. Loss Per Share**

The computations for loss per share are as follows:

	<b>3-months ended 30.06.13 RM'000</b>
Loss for the period	(16,479)
Weighted average no. of shares in issue ( <sup>'000</sup> )	342,080
<b>Basic loss per share (sen)</b>	<u>(4.82)</u>

There was no dilution in the earnings per share of the Company as at 30 June 2013 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:-

	<b>3-months ended 30.06.13 RM'000</b>
Loss before taxation is stated after crediting:-	
- Interest income	650
Loss before taxation is stated after charging:-	
- Interest expense	7,368
- Depreciation and amortization	1,561
- Unrealised foreign exchange (gain)/losses	14,647



Note : The finance costs included within cost of sales amounted to RM6,771,000 for the quarter and year to date respectively.

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

**B13. Realised and Unrealised Accumulated Losses**

	<b>As at</b>	
	<b>30.06.13</b>	<b>31.03.13</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated (gain)/losses of the Company and its subsidiaries :		
Realised	97,653	65,671
Unrealised	(8,727)	5,410
	<hr/>	<hr/>
	88,926	71,081
Less : Consolidation adjustments	26,120	27,486
Total Group accumulated losses	<hr/>	<hr/>
	115,046	98,567

**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 23 August 2013.