

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 end for the quarter ended 30 September 2013.

The KLMS Project has encountered delays and certain Key Milestones have not been met as at 30 September 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 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 – Offsetting Financial Assets and Financial Liabilities
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

Effective for annual periods commencing on or after 1 April 2015

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

	3-mths ended 30.09.13 RM'000	YTD 6-mths ended 30.09.13 RM'000
Segment Revenue		
Rail	41,029	85,240
Coach and SPV	13,200	25,611
Revenue	<u>54,229</u>	<u>110,851</u>
Segment Results		
Rail	(6,806)	(21,681)
Coach and SPV	(1,140)	(1,344)
Corporate expenses	(433)	(1,763)
Loss before taxation	(8,379)	(24,788)
Tax expense	(108)	(179)
Loss for the financial period	<u>(8,487)</u>	<u>(24,967)</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 September 2013 are as follows:-

	30.09.13 RM'000	31.03.13 RM'000
Bank guarantees given to third party in respect of performance guarantee given by subsidiaries	169,541	116,718
Claims by suppliers	<u>6,024</u>	<u>5,724</u>

A11. Capital and Operating Lease Commitments

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

	30.09.13 RM'000	31.03.13 RM'000
Approved and contracted for		
- Property, plant and equipment	851	450
- Development costs	-	-
	851	450
Approved but not contracted for		
- Property, plant and equipment	10,249	10,711
- Development costs	25,550	25,550
	35,799	36,261
Total	<u>36,650</u>	<u>36,711</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:

	30.09.13 RM'000	31.03.13 RM'000
Due within 1 year	825	1,575
Due within 1 and 2 years	235	1,179
Due later than 2 years	29	58
Total	<u>1,089</u>	<u>2,812</u>

A12. Significant Related Party Transactions

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

	3-mths ended 30.09.13 RM'000	YTD 6-mths ended 30.09.13 RM'000
Transactions with a company connected to a Director		
- provision of airline ticketing services	203	324

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 financial year to date is RM110.9 million. The Group posted a net loss for the financial year to date of RM24.9 million.

Performance of each operating segment are analysed below:

(a) Rail segment

Revenue for the current quarter is RM41.0 million and for the financial year to date is RM85.2 million respectively. The segment posted a loss before tax of RM6.8 million for the quarter and RM21.7 million for the financial year to date. This is mainly due to net unrealised foreign exchange losses of RM3.6 million for the quarter and RM18.3 million from both Mumbai and Line 17 projects.

The Indian Rupee has weakened further in this Quarter:

	End September 2013	End March 2013
INR/USD	62.7020	54.2849
INR/RM	19.3091	17.5554

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

The Brazillian Reals has weakened too:

	End September 2013	End March 2013
BRL/USD	2.2348	2.0138

This has resulted in RM7.4 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 RM2.9 million.

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

Revenue for the current quarter and for financial year to date is RM13.2 million and RM25.6 million respectively. The segment posted a loss before taxation for the current quarter of RM1.1 million and for financial period to date of RM1.3 million respectively.

B2. Results against Preceding Quarter

The Group posted a loss before tax for the current quarter of RM8.5 million as compared to the immediate preceding quarter loss before tax of RM16.4 million mainly due to net unrealised foreign exchange losses as mentioned in B1 above.

B3. Prospects

The Group is faced with challenges arising from fragile global economic conditions and persistent volatility in currency markets.

We continue to strengthen our 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 will maintain its focus on implementation of key projects in Mumbai, KL and Brazil. Phase 1 of the Mumbai Monorail Project is expected to be commissioned in December 2013.

Management has taken measures to diversify the Coach and SPV businesses by pursuing more leasing and refurbishment work like the Malacca coach leasing project to build up its order book.

Notwithstanding the above, the Board expects the remaining quarters of the year to be challenging.

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense

	3-mths ended 30.09.13 RM'000	YTD 6-mths ended 30.09.13 RM'000
Current tax		
Malaysian income tax	108	179
Foreign tax	-	-
	<hr/> 108	<hr/> 179
Under/(Over) provision of tax	-	-
	<hr/> 108	<hr/> 179
Deferred tax	-	-
Total tax expense	<hr/> <hr/> 108	<hr/> <hr/> 179

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:

Secured	30.09.13	31.03.13
	RM'000	RM'000
Non-Current		
Term loans	16,999	18,606
Finance lease liabilities	4,286	3,513
	<u>21,285</u>	<u>22,119</u>
Current		
Bank overdrafts	114,816	104,441
Others:		
-Term loans	69,788	68,968
-Trade facilities	3,986	88,645
-Finance lease liabilities	1,150	683
-Revolving credits	314,153	220,388
	<u>503,893</u>	<u>483,125</u>
Total		
Bank overdrafts	114,816	104,441
Term loans	86,787	87,574
Trade facilities	3,986	88,645
Finance lease liabilities	5,436	4,196
Revolving credits	314,153	220,388
Total borrowings	<u>525,178</u>	<u>505,244</u>

The group borrowings are denominated in the following currencies:

	30.09.13	31.03.13
	RM'000	RM'000
	<u>equivalent</u>	<u>equivalent</u>
Ringgit Malaysia	413,153	394,040
Brazilian Real	54,025	50,630
Indian Rupee	58,000	60,574
	<u>525,178</u>	<u>505,244</u>

B8. Changes in Material Litigation

There has been no change in material litigation.

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:-

	3-mths ended 30.09.13 RM'000	YTD 6-mths ended 30.09.13 RM'000
Loss for the period	(8,487)	(24,967)
Weighted average no. Of shares in issue (^000)	342,080	342,080
Basis loss per share (sen)	(2.48)	(7.30)

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

	3-mths ended 30.09.13 RM'000	YTD 6-mths ended 30.09.13 RM'000
Loss before taxation is stated after crediting:-		
- Interest income	703	1,353
Loss before taxation is stated after charging:-		
- Interest expense	9,171	16,539
- Depreciation and amortisation	4,139	5,700
- Unrealised foreign exchange (gain)/losses	3,645	18,292
- Realised foreign exchange losses	2,780	2,898

Note: The finance costs included within cost of sales amounted to RM7,683,000 for the quarter and RM14,454,000 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

	As at	
	30.09.13	31.03.13
	RM'000	RM'000
Total accumulated (gain)/losses of the Company and its subsidiaries :		
Realised	150,629	65,671
Unrealised	(53,218)	5,410
	<hr/>	<hr/>
	97,411	71,081
Less : Consolidation adjustments	26,123	27,486
Total Group accumulated losses	<hr/>	<hr/>
	123,534	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 20 November 2013.