

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 2014 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 June 2014.

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 2014.

As of 1 April 2014, the Group and the Company have adopted the following MFRSs and amendments which are effective for annual periods beginning on or after 1 April 2014.

Effective for annual periods commencing on or after 1 April 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

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 July 2014

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 2	Share-based Payment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 3	Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)

Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 140	Investment Property (Annual Improvements 2011-2013 Cycle)

Effective for annual periods commencing for a date yet to be confirmed

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
MFRS 9	Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

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 was 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		YTD 3-mths ended	
	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000
Segment Revenue				
Rail	37,717	44,211	37,717	44,211
Coach and SPV	10,680	12,412	10,680	12,412
Revenue	48,397	56,623	48,397	56,623
Segment Results				
Rail	527	(14,875)	527	(14,875)
Coach and SPV	489	(203)	489	(203)
Corporate expenses	(960)	(1,330)	(960)	(1,330)
Profit/(loss) before taxation	56	(16,408)	56	(16,408)
Tax expense	(14)	(71)	(14)	(71)
Profit/(loss) for the financial period	42	(16,479)	42	(16,479)

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

There were no contingent liabilities for the Group as at 30 June 2014.

A11. Capital and Operating Lease Commitments

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

	30.06.14 RM'000	31.03.14 RM'000
Approved and contracted for		
- Property, plant and equipment	16	1,015
- Development costs	-	-
	16	1,015
Approved but not contracted for		
- Property, plant and equipment	5,192	6,348
- Development costs	-	25,780
	5,192	32,128
Total	5,208	33,143

- (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:

	30.06.14 RM'000	31.03.14 RM'000
Due within 1 year	81	127
Due within 1 and 2 years	46	46
Due later than 2 years	12	12
Total	139	2,812

A12. Significant Related Party Transactions

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

	3-mths ended 30.06.14 RM'000	YTD 3-mths ended 30.06.14 RM'000
Transactions with a company connected to a Director		
- provision of airline ticketing services	49	49
Sharing of rental and office relocation costs with immediate holding company	198	198

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.

(a) Rail segment

Revenue for the current quarter is RM37.7 million, lower by 15% compared against RM44.2 million for the corresponding quarter in 2013. This was mainly due to lower value of work done in the current quarter on the monorail projects.

The segment posted a profit before tax of RM0.5 million for the current quarter which is RM 15.4mil higher than the loss before tax of RM14.9 million for the corresponding quarter in 2013.

During the quarter under review, the unrealised foreign exchange gains arising from Line 17 projects due to the strengthening of the Brazilian Real ("BRL") against the United States Dollar ("USD") pulled back to some extent by unrealised foreign exchange losses arising from the Mumbai project due to the Indian Rupee ("INR") weakening against United States Dollar ("USD").

The INR has weakened since last quarter.

	End June 2014	End March 2014
INR/USD	60.1326	59.7580
INR/RM	18.6817	18.3149

The BRL has strengthened since last quarter.

	End June 2014	End March 2014
BRL/USD	2.16029	2.25610

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

Revenue for the current quarter is RM10.7 million, as compared to RM12.2 million for the corresponding quarter in 2013, lower by 12%.

The segment posted a profit before tax for the current quarter of RM0.5 million, increased by RM0.7 million compared against loss before tax of RM0.2 million recorded in the corresponding quarter in 2013.

B2. Results against Corresponding Quarter of 2013

The Group recorded revenue of RM48.4 million for the current quarter as compared to RM56.6 million for the corresponding quarter in 2013 due to lower revenue generated from Rail segment.

Despite the lower revenue generated from Rail segment, the Group posted a profit before tax of RM0.056 million for the current quarter as compared to loss before tax of RM16.4 million for the corresponding quarter in 2013.

B3. Prospects

The KLMFEP is expected to be completed in early 2015 and Phase 2 of the Mumbai project is expected to be completed in July 2015.

A continuous cost optimization program has been implemented. This program is expected to reduce costs on an ongoing basis over the next quarters.

We continue to pursue various projects in our focus markets. We have successfully secured the Line 18 Sao Paulo Monorail Project. With these developments, the Board expects the prospect to be encouraging for the financial year.

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense

	3-mths ended		YTD 3-mths ended	
	30.06.14	30.06.13	30.06.14	30.06.13
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian income tax	14	71	14	71
Foreign tax	-	-	-	-
	<u>14</u>	<u>71</u>	<u>14</u>	<u>71</u>
Deferred tax	-	-	-	-
Total tax expense	<u>14</u>	<u>71</u>	<u>14</u>	<u>71</u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2014: 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	30.6.14 RM'000	31.03.14 RM'000
Non-Current		
Revolving credits	11,357	14,357
Finance lease liabilities	9,152	9,233
	<u>20,509</u>	<u>23,590</u>
Current		
Bank overdrafts	104,462	175,902
Term loans	37,859	34,037
Trade facilities	24,332	2,610
Finance lease liabilities	1,797	2,103
Revolving credits	269,289	261,409
	<u>437,739</u>	<u>473,946</u>
Total		
Bank overdrafts	104,462	175,902
Term loans	37,859	34,037
Trade facilities	24,332	2,610
Finance lease liabilities	10,949	11,336
Revolving credits	280,646	275,766
Total borrowings	<u>458,248</u>	<u>499,651</u>

The group borrowings are denominated in the following currencies:

	30.06.14 RM'000 <u>equivalent</u>	31.03.14 RM'000 <u>equivalent</u>
Ringgit Malaysia	371,153	404,824
Brazilian Real	32,110	34,037
Indian Rupee	54,985	60,790
	<u>458,248</u>	<u>499,651</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. Earnings/(loss) Per Share

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

	3-mths ended		YTD 3-mths ended	
	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000
Profit/(loss) for the period	42	(16,479)	42	(16,479)
Weighted average no. Of shares in issue (^000)	342,080	342,080	342,080	342,080
Basis earnings/(loss) per share (sen)	<u>0.01</u>	<u>(4.82)</u>	<u>0.01</u>	<u>(4.82)</u>

There was no dilution in the earnings per share of the Company as at 31 March 2014 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		YTD 3-mths ended	
	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000
Profit/(Loss) before taxation is stated after crediting:-				
- Interest income	311	650	311	650
Profit/(Loss) before taxation is stated after charging:-				
- Interest expense	7,950	7,368	7,950	7,368
- Depreciation and amortisation	1,664	1,561	1,664	1,561
- Unrealised foreign exchange (gain)/losses	(3,461)	14,647	(3,461)	14,647
- Realised foreign exchange losses	3,559	50	3,559	50

Note: The finance costs included within cost of sales amounted to RM6.6 mil for the current quarter and year to date respectively (2014: RM6.8 mil).

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. Retained Earnings /(Accumulated Losses)

	As at	
	31.3.14	31.03.14
	RM'000	RM'000
Total accumulated (losses)/retained earnings of the Company and its subsidiaries :		
Realised	(210,163)	(203,111)
Unrealised	1,986	(8,006)
	<u>(208,177)</u>	<u>(211,117)</u>
Less : Consolidation adjustments	72,144	75,042
Total Group accumulated losses	<u>(136,033)</u>	<u>(136,075)</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 21 August 2014.