

**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 31 December 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

MFRS 15	Revenue from Contract with Customer
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**

	<b>3-mths ended</b>		<b>YTD 9-mths ended</b>	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Rail	55,086	66,137	157,479	151,377
Commercial Vehicles	9,986	11,763	29,862	36,801
Corporate	-	-	-	573
<b>Revenue</b>	<u>65,072</u>	<u>77,900</u>	<u>187,341</u>	<u>188,751</u>
<b>Segment Results</b>				
Rail	1,895	(6,455)	1,428	(28,136)
Commercial Vehicles	(1,260)	(1,103)	1,340	(2,447)
Corporate expenses	(765)	(1,646)	(3,199)	(3,408)
Loss before taxation	<u>(130)</u>	<u>(9,204)</u>	<u>(431)</u>	<u>(33,991)</u>
Tax credit/(expense)	50	(105)	628	(284)
<b>(Loss)/profit for the financial period</b>	<u>(80)</u>	<u>(9,309)</u>	<u>197</u>	<u>(34,275)</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**

There were no contingent liabilities for the Group as at 31 December 2014.

## A11. Capital and Operating Lease Commitments

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

	<b>31.12.14</b>	<b>31.03.14</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for		
- Property, plant and equipment	105	1,015
- Development costs	-	-
	105	1,015
Approved but not contracted for		
- Property, plant and equipment	5,103	6,348
- Development costs	-	25,780
	5,103	32,128
Total	<u>5,208</u>	<u>33,143</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>31.12.14</b>	<b>31.03.14</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within 1 year	65	127
Due within 1 and 2 years	22	46
Due later than 2 years	6	12
Total	<u>93</u>	<u>185</u>

## A12. Significant Related Party Transactions

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

	<b>3-mths</b>	<b>YTD</b>
	<b>ended</b>	<b>9-mths</b>
	<b>31.12.14</b>	<b>31.12.14</b>
	<b>RM'000</b>	<b>RM'000</b>
Transactions with a company connected to a Director		
- provision of airline ticketing services	46	139
Sharing of rental and office relocation costs with immediate holding company	144	372
	<u>144</u>	<u>372</u>

**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.

Performance of each operating segment are analysed below:

(a) Rail segment

Revenue for the current quarter is RM55.1 million, as compared to RM66.1 million for the corresponding quarter in 2013, lower by RM11 million. However, the segment posted a revenue for the financial year to date of RM157.5 million, which was higher by RM6.1 million as compared to the corresponding year to date of RM151.4 million. This was mainly due to higher value of work done on the monorail projects for the period.

The segment posted a profit before taxation of RM1.9m for the current quarter as compared to loss before taxation of RM6.5 million for the corresponding quarter in 2013. As for the financial year to date, the segment recorded a profit before tax of RM1.4m as compared to loss before taxation in the corresponding year of RM28.1 million.

The improved performance were mainly due to lower unrealised foreign exchange losses arising from translation of accrued receivables for the Mumbai monorail project as a result of strengthening of the INR against RM at 18.1708 at end of December 2014 (end of December 2013: 18.6880) and lower overheads as a result of the cost optimization in Rail segment.

(b) Commercial Vehicles segment

Coach and SPV were being managed as a single unit, called Commercial Vehicles with effective from 1 December 2014 to enhance the operational efficiencies.

Revenue for the current quarter is RM10.0 million, marginally lower by RM1.8 million as compared to RM11.8 million for the corresponding quarter. Revenue for the financial year to date is RM29.9 million, lower by RM6.9 million as compared to RM36.8 million in the corresponding financial year to date.

The segment posted a loss before taxation for the current quarter of RM1.3 million as compared against loss before taxation of RM1.1 million recorded in the corresponding quarter. However, for the financial year to date, the segment recorded a profit before taxation of RM1.3 million as compared to the loss before taxation for the corresponding financial year to date of RM2.4 million.

Lower losses were mainly due to lower overheads as a result of the cost optimization in Commercial Vehicles segment.

## B2. Results against Preceding Quarter

The Group recorded revenue of RM65.1 million for the current quarter as compared to RM73.9 million for the immediate preceding quarter due to lower revenue generated from Rail segment.

The Group posted a loss after taxation for the current quarter of RM0.08 million as compared to profit after taxation of RM0.235 million for the immediate preceding quarter.

This was mainly due to unrealised foreign exchange losses arising mainly from translation of Brazil USD loan due to further weakening of BRL against USD at 2.6562 at end of Q3 2015 (end Q2 2015: 2.4510), mitigated by unrealised foreign exchange gains from translation of Mumbai accrued receivables due to strengthening of RM against INR at 18.1708 at end of Q3 2015 (end Q2 2015: 18.7952).

## B3. Prospects

The Kuala Lumpur Monorail Fleet Expansion Project is expected to be completed by end 2015 and Phase 2 construction of the Mumbai project is expected to be completed in September 2015.

We continue to pursue various projects in our focus markets. Other than the Line 18 Sao Paulo Monorail Project that we have secured, we are targeting to secure at least one additional monorail project within the year.

The Commercial Vehicles business secured a contract for chassis and vehicle assembly services from a global coach supplier, within the quarter. We expect to win more such contracts in the coming year.

Subject to there being no major depreciation of foreign exchange rates for the Brazilian Real and Indian Rupee,, the Board is cautious about the prospects for the current financial year.

## B4. Profit Forecast or Profit Guarantee

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

## B5. Tax Expense/(Credit)

	3-mths ended		YTD 9-mths ended	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Current tax				
Malaysian income tax	(409)	106	400	284
Foreign tax	-	-	-	-
	(409)	106	400	284
Deferred tax	359	-	(1,028)	-
Total tax (credit)/expense	(50)	106	(628)	284

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:

<b>Secured</b>	<b>31.12.14</b>	<b>31.03.14</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current</b>		
Revolving credits	8,357	14,357
Finance lease liabilities	7,926	9,233
	<u>16,283</u>	<u>23,590</u>
<b>Current</b>		
Bank overdrafts	80,834	175,902
Term loans	148,402	34,037
Trade facilities	16,280	2,610
Finance lease liabilities	1,995	2,103
Revolving credits	248,693	261,409
	<u>496,204</u>	<u>476,061</u>
<b>Total</b>		
Bank overdrafts	80,834	175,902
Term loans	148,402	34,037
Trade facilities	16,280	2,610
Finance lease liabilities	9,921	11,336
Revolving credits	257,050	275,766
Total borrowings	<u>512,487</u>	<u>499,651</u>

The group borrowings are denominated in the following currencies:

	<b>31.12.14</b>	<b>31.03.14</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b><u>equivalent</u></b>	<b><u>equivalent</u></b>
Ringgit Malaysia	401,497	390,293
United States Dollar	19,728	14,531
Brazilian Real	34,446	34,037
Indian Rupee	56,816	60,790
	<u>512,487</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:-

	<b>3-mths ended</b>		<b>YTD 9-mths ended</b>	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Loss/(profit) for the period	(80)	(9,309)	197	(34,275)
Weighted average no. of shares in issue ('000)	342,080	342,080	342,080	342,080
Loss/(profit) per share (sen)	<u>(0.02)</u>	<u>(2.72)</u>	<u>0.06</u>	<u>(10.02)</u>

There was no dilution in the earnings per share of the Company as at 31 December 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:-

	<b>3-mths ended</b>		<b>YTD 9-mths ended</b>	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Profit/(Loss) before taxation is stated after crediting:-				
- Interest income	179	653	807	2,006
Profit/(Loss) before taxation is stated after charging:-				
- Interest expense	7,787	8,745	24,988	25,284
- Depreciation and amortisation	2,173	1,561	9,651	5,942
- Unrealised foreign exchange losses/(gains)	1,109	4,495	(2,533)	22,787
- Realised foreign exchange (gains)/losses	(637)	2,626	3,345	5,524



Note: The finance costs included within cost of sales amounted to RM5.8 mil (2014: RM 7.7 mil) and RM20.5 mil (2014: RM22.1 mil) for the current 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. Retained Earnings /(Accumulated Losses)**

	<b>As at</b>	
	<b>31.12.14</b>	<b>31.03.14</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated (losses)/retained earnings of the Company and its subsidiaries :		
Realised	(213,517)	(203,111)
Unrealised	1,639	(8,006)
	<u>(211,878)</u>	<u>(211,117)</u>
Less : Consolidation adjustments	76,000	75,042
Total Group accumulated losses	<u>(135,878)</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 24 February 2015.