

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 March 2015 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 2015.

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 2015.

As of 1 April 2015, the Group and the Company have adopted the following MFRSs and amendments which are effective for annual periods beginning on or after 1 April 2015.

Effective for annual periods commencing on or after 1 April 2015

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)

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

The following MFRS, amendments and interpretations were issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

Effective for annual periods commencing on or after 1 January 2016

Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 10 & MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10, MFRS 12 & MFRS 128	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116 & MFRS 138	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

Effective for annual periods commencing on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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Effective for annual periods commencing on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
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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	
	30.06.15	30.06.14	30.06.15	30.06.14
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Rail	35,757	37,717	35,757	37,717
Commercial Vehicles	10,335	10,680	10,335	10,680
Revenue	46,092	48,397	46,092	48,397
Segment Results				
Rail	5,261	527	5,261	527
Commercial Vehicles	(2,044)	489	(2,044)	489
Corporate expenses	(1,259)	(960)	(1,259)	(960)
Profit before taxation	1,958	56	1,958	56
Tax expense	(102)	(14)	(102)	(14)
Profit for the financial period	1,856	42	1,856	42

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 2015.

A11. Capital and Operating Lease Commitments

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

	30.06.15 RM'000	31.03.15 RM'000
Approved and contracted for		
- Property, plant and equipment	-	112
- Development costs	-	-
	-	112
Approved but not contracted for		
- Property, plant and equipment	-	5,096
- Development costs	-	-
	-	5,096
Total	-	5,208

- (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:

	30.06.15 RM'000	31.03.15 RM'000
Due within 1 year	1,011	1,546
Due within 1 and 2 years	1,027	1,054
Due later than 2 years	83	321
Total	2,121	2,921

A12. Significant Related Party Transactions

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

	3-mths ended 30.06.15 RM'000	YTD 3-mths ended 30.06.15 RM'000
Transactions with a company connected to a Director		
- provision of airline ticketing services	9	9
Sharing of rental and office relocation costs with immediate holding company	99	99

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

B1. Review of Performance

Performance of each operating segment are analysed below:

(a) Rail segment

Revenue for the current quarter is RM35.7 million, lower by RM2.0 million as compared to RM37.7 million for the corresponding quarter in 2015. This was mainly due to lower value of work done on monorail projects.

The segment posted a profit before taxation of RM5.3 million for the current quarter, as compared to RM0.5 million for the corresponding quarter in 2015, higher by RM4.8 million.

These 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 16.9177 at end of June 2015 (end of June 2014: 18.6817) for the quarter. This was netted off against higher unrealised foreign exchange losses arising from translation of accrued receivables for the Brazil monorail project due to further weakening of BRL against RM at 1.2132 at end of June 2015 (end of June 2014: 1.4579) and lower overheads as a result of the cost optimization in Rail segment.

(b) Commercial Vehicles segment

Revenue for the current quarter is RM10.3 million, lower by RM0.4 million as compared to RM10.7 million for the corresponding quarter in 2015. This was mainly due to no sales of commercial coaches, mitigated by sales generated from chassis assembly during the quarter.

The segment posted a loss before taxation for the current quarter of RM2.0 million as compared against profit before taxation of RM0.5 million recorded in the corresponding quarter in 2015.

Higher losses were mainly due to higher direct costs and overheads in Commercial Vehicles segment.

B2. Results against Preceding Quarter

The Group recorded revenue of RM46.1 million for the current quarter as compared to RM48.4 million for the corresponding quarter in 2015, lower by RM2.3 million due to lower revenue generated from both Rail and Commercial Vehicles segment.

The Group posted a profit after taxation for the current quarter of RM1.856 million as compared to RM0.042 million for the corresponding quarter in 2015, higher by RM1.814 million, 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 and lower overhead costs.

B3. Prospects

The Group continues to pursue monorail projects in multiple markets and new growth opportunities for the commercial vehicles in the leasing and maintenance business, both locally and abroad.

The cost optimization program will continue to be in place for the rest of the year.

With the continued challenges globally in the currency market movements, the Group is cautious about the coming 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	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Current tax				
Malaysian income tax	102	14	102	14
Foreign tax	-	-	-	-
	<u>102</u>	<u>14</u>	<u>102</u>	<u>14</u>
Deferred tax	-	-	-	-
Total tax expense	<u>102</u>	<u>14</u>	<u>102</u>	<u>14</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2015: 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	30.06.15	31.03.15
	RM'000	RM'000
Non-Current		
Revolving credits	5,752	7,252
Finance lease liabilities	6,080	6,417
	<u>11,832</u>	<u>13,669</u>
Current		
Bank overdrafts	79,308	80,162
Term loans	151,597	151,406
Trade facilities	16,903	21,614
Finance lease liabilities	3,026	2,871
Revolving credits	242,407	250,896
	<u>493,241</u>	<u>506,949</u>
Total		
Bank overdrafts	79,308	80,162
Term loans	151,597	151,406
Trade facilities	16,903	21,614
Finance lease liabilities	9,106	9,288
Revolving credits	248,159	258,148
Total borrowings	<u>505,073</u>	<u>520,618</u>

The group borrowings are denominated in the following currencies:

	30.06.15	31.03.15
	RM'000	RM'000
	<u>equivalent</u>	<u>equivalent</u>
Ringgit Malaysia	383,592	401,811
United States Dollar	62,352	58,966
Indian Rupee	59,129	59,841
	<u>505,073</u>	<u>520,618</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 Per Share

The computations for basic earnings per share are as follows:-

	3-mths ended		YTD 3-mths ended	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Profit for the period	1,856	42	1,856	42
Weighted average no. of shares in issue ('000)	342,080	342,080	342,080	342,080
Basic earnings per share (sen)	<u>0.54</u>	<u>0.01</u>	<u>0.54</u>	<u>0.01</u>

There was no dilution in the earnings per share of the Company as at 30 June 2015 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	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Profit before taxation is stated after crediting:-				
- Interest income	867	311	867	311
Profit before taxation is stated after charging:-				
- Interest expense	8,543	7,950	8,543	7,950
- Depreciation and amortisation	1,620	1,664	1,620	1,664
- Unrealised foreign exchange gains	(1,867)	(3,461)	(1,867)	(3,461)
- Realised foreign exchange (gains)/losses	(715)	3,559	(715)	3,559

Note: The finance costs included within cost of sales amounted to RM6.9 mil (2015: RM6.6 mil) for both current quarter and year to date.

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	
	30.06.15	31.03.15
	RM'000	RM'000
Total accumulated (losses)/retained earnings of the Company and its subsidiaries :		
Realised	(229,494)	(211,341)
Unrealised	19,212	390
	<u>(210,282)</u>	<u>(210,951)</u>
Less : Consolidation adjustments	76,585	75,398
Total Group accumulated losses	<u>(133,697)</u>	<u>(135,553)</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 25 August 2015.