

Lingkaran Trans Kota Holdings Berhad (335382-V)

Notes To The Interim Financial Statements For The Period Ended 30 June 2007

1. Basis of preparation

The interim financial statements have been prepared in compliance with FRS 134₂₀₀₄, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2007.

2. Changes in accounting policies

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 March 2007 except for the adoption of the revised or amendment to the following revised Financial Reporting Standards (“FRSs”) effective 1 April 2007 as disclosed below:

FRS 117	:	Leases
FRS 124	:	Related party Disclosures
Amendment to FRS 119 ₂₀₀₄	:	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The adoptions of the new and revised FRSs above do not have any significant impact on the financial statements of the Group.

3. Audit report of preceding annual financial statements

There was no qualification in the audit report of the financial statements of the Group for the year ended 31 March 2007.

4. Seasonality and cyclicity of operations

There was no significant fluctuation in the seasonality or cyclicity of operations affecting the Group.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current quarter and financial year-to-date.

6. Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and financial year-to-date.

7. Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year-to-date except the issuance of 936,000 new ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise price ranging between RM1.79 and RM2.48 per ordinary share.

8. Dividends paid

There was no dividend paid during the current quarter and financial year-to-date.

9. Segment information

Segment information by business segments for current financial year-to-date are as follows:

	Tolling operations and highway maintenance RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue				
Revenue - external	72,485	-	-	72,485
Inter-segment revenue	-	330	(330)	-
Total Revenue	72,485	330	(330)	72,485
Result				
Segment results	56,579	(84)	15	56,510
Finance costs	(26,686)	-	10,073	(16,613)
Interest income	2,040	10,479	(10,073)	2,446
Share of loss of jointly controlled entities	(5,446)	-	-	(5,446)
Income tax expense	(8,941)	(2,712)	-	(11,653)
Profit for the year				25,244

10. Valuation of plant and equipment

All plant and equipment of the Group are carried at cost less accumulated depreciation and impairment losses.

11. Material events subsequent to the balance sheet date

There were no material events subsequent to the balance sheet date.

12. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 June 2007.

13. Contingent liabilities and contingent assets

There were no material changes in other contingent liabilities or contingent assets since the last annual balance sheet date.

14. Capital Commitments

The amount of commitments for the purchase of capital expenditure not provided for in the interim financial statements as at 30 June 2007 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	2,696
Heavy repair expenditure	26,932
Approved but not contracted for:	
Highway development expenditure	83,380
Share of capital commitments of jointly controlled entities	475
Total	113,483

15. Income tax expense

Breakdowns of tax charge for the current quarter and financial year-to-date are as follows:

	Current quarter RM'000	Financial year- to-date RM'000
Corporate tax	3,242	3,242
Deferred tax	8,411	8,411
Total	11,653	11,653

The effective tax rate is higher than the statutory tax rate for the current quarter and financial year-to-date due to certain expenditure not being allowed as a deduction for tax purposes.

16. Sale of unquoted investments and / or properties

There were no sales of unquoted investments and / or properties for the current quarter and financial year-to-date.

17. Purchase and disposal of quoted securities

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date.

18. Status of corporate proposals

There were no corporate proposals announced and uncompleted at a date not earlier than 7 days from the date of issue of this announcement.

19. Group borrowings

Group borrowings as at 30 June 2007 are as follows:

	RM'000
Secured:	
Long Term Borrowings	634,247
Short Term Borrowings	95,800
	730,047
Unsecured:	
Long Term Borrowings	150,000
Total	880,047

The Group borrowings are denominated in Ringgit Malaysia.

20. Off balance sheet financial instruments

There were no off balance sheet financial instruments entered into by the Group at a date not earlier than 7 days from the date of issue of this announcement.

21. Material litigations

There were no pending material litigations since the last annual balance sheet date to a date not earlier than 7 days from the date of issue of this announcement.

22. Comparison of profit before taxation with the immediate preceding quarter

The Group's profit before taxation for the current quarter of RM36.9 million is lower than the Group's profit before taxation of RM46.5 million achieved in the immediate preceding quarter. The lower result is mainly attributable to the one-off gain on disposal of investments in quoted shares amounting to RM11.4 million in the immediate preceding quarter.

23. Review of performance for the current quarter

For the current quarter, the Group achieved an increase in revenue from RM60.2 million recorded in the preceding year corresponding quarter and RM69.6 million recorded in the immediate preceding quarter to RM72.5 million in the current quarter. This was mainly due to the effect of the revised toll rates arising from the toll review exercise on 1 January 2007.

The Group's profit before tax recorded an increase from RM27.4 million registered in the preceding year corresponding quarter to RM36.9 million in the current quarter. However, the Group's profit for the period is lower at RM25.2 million registered in the current quarter as compared to RM44.5 million registered in the immediate preceding quarter was mainly due to the one-off gain on disposal of investments in quoted shares as explained in Note 22 and lower income tax expense in the immediate preceding quarter. The income tax expense was lower in the immediate preceding quarter due mainly to the adjustment of deferred tax liability to reflect changes of applicable tax rate from 28% to 26%.

24. Current year's prospects

Barring any unforeseen circumstances, the Board of Directors expects higher revenue to be generated from the growth in the traffic plying the Lebuhraya Damansara-Puchong ("LDP") as well as from the effect of the higher toll rates from 1 January 2007.

25. Profit forecast or profit guarantee

- (a) There is no profit forecast applicable for comparison.
- (b) There is no profit guarantee by the Group.

26. Dividend

No dividend is recommended for the current quarter and financial year-to-date.

27. Earnings per share

The basic earnings per share is calculated based on the Group's profit for the period attributable to equity holders of the Company of RM25.244 million and weighted average number of ordinary shares in issue during the year of 489.568 million.

The diluted earnings per share is calculated based on the Group's profit for the period attributable to equity holders of the Company of RM25.244 million and weighted average number of ordinary shares including dilutive potential shares, of 492.428 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	489.568
Effect of Employees Share Option Scheme	2.860
Weighted average number of ordinary shares (diluted)	492.428