

# Lingkaran Trans Kota Holdings Berhad (335382-V)

## Notes To The Interim Financial Statements For The Period Ended 31 March 2008

### 1. Basis of preparation

The interim financial statements have been prepared in compliance with FRS 134<sub>2004</sub>, 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.

On 1 April 2007, the Group adopted the following revised FRSs and Amendment to FRS:

FRS 117	Leases
FRS 124	Related Party Disclosures
Amendment to FRS 119 <sub>2004</sub>	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The Malaysian Accounting Standards Board (“MASB”) has also issued FRS 6: Exploration for and Evaluation of Mineral Resources which will be effective for annual periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Group.

The adoptions of the revised FRS 124 and Amendment to FRS 119<sub>2004</sub> give rise to additional disclosures but did not result in significant changes in accounting policies of the Group. The adoption of the revised FRS 117 did not result in significant changes in accounting policies of the Group.

## 2. Changes in accounting policies (cont'd)

### Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these interim financial statements, the following FRSs, Amendment to FRS and Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs, Amendment to FRS and Interpretations		Effective for financial periods beginning on or after
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139	Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities Arising from Participation in a Specific Market - Waste Electrical and Electronical Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The above new and revised FRSs, Amendment to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application.

The Group is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 139.

**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**

They 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 for the issuance of 3,294,000 new ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise price ranging between RM1.79 and RM3.34 per ordinary share.

**8. Dividends paid**

The Group has paid the following dividend in respect of ordinary shares for the current quarter and the financial year-to-date:

	RM'000
Final dividend of 5% less tax for financial year ended 31 March 2007 paid on 10 September 2007	18,125
Interim dividend of 5% less tax for financial year ending 31 March 2008 paid on 12 December 2007	18,195
Total	36,320

## 9. Segment information

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

	Tolling operations and highway maintenance RM' 000	Investment holding and others RM' 000	Elimination RM' 000	Total RM' 000
<b>Revenue</b>				
Revenue - external	293,033	-	-	293,033
Inter-segment revenue	-	56,734	(56,734)	-
Total Revenue	293,033	56,734	(56,734)	293,033
<b>Result</b>				
Segment results	218,778	54,728	(55,180)	218,326
Finance costs	(104,455)	-	40,512	(63,943)
Interest income	8,304	42,455	(40,512)	10,247
Share of profit in an associate	3	-	-	3
Share of loss of jointly controlled entities	(21,889)	-	-	(21,889)
Income tax expense	(27,047)	(11,023)	121	(37,949)
Profit for the year				104,795

## 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 except for the following items:-

- a) On 9 April 2008, the Board of Directors has approved the proposal to distribute cash to the shareholders of the Company amounting to RM1.00 per ordinary share of RM1.00 each of the Company by way of:-
  - (i) reduction in par value of issued and paid up share capital from RM1.00 to RM0.20 per ordinary share of RM1.00 each of the Company; and
  - (ii) reduction of share premium account by RM0.13 per ordinary share of RM1.00 each of the Company (collectively (i) and (ii) are referred to as the "Proposed Capital Repayment"); and
  - (iii) declaration of single tier interim dividend of RM0.07 per ordinary share of RM1.00 each of the Company for the financial year ended 31 March 2008.

## **11. Material events subsequent to the balance sheet date (cont'd)**

On 21 April 2008, Bursa Securities Malaysia Berhad had issued their approval on the Proposed Capital Repayment which is further subjected to:

- (i) approval by the ordinary shareholders of the Company pursuant to a special resolution to be tabled at an Extraordinary General Meeting; and
- (ii) Order of the High Court of Malaya pursuant to Section 64 of the Companies Act for the Proposed Capital Repayment.

On 28 May 2008, pursuant to a special resolution tabled at an Extraordinary General Meeting held, the ordinary shareholders of the Company have given their approval for the abovementioned Proposed Capital Repayment.

- b) On 15 April 2008, Lingkaran Trans Kota Sdn Bhd, a wholly owned subsidiary of the Company had successfully redeemed all of its existing bonds (including Senior BAIDS, Junior BAIDS, Bank Guaranteed Fixed Rate Serial Bonds, Murabahah CP/MTN and Fixed Rate Serial Bonds) and the Redeemable Unsecured Loan Stock ("RULS") of the Company amounting to RM1,186.9 million via the issuance of the new Islamic Medium Term Notes I & II (IMTNs) amounting to RM1,445.0 million in nominal value based on the principles of Sukuk Musyarakah. The IMTNs are issued at a discount and bearing coupon rates from 4.60% to 6.00% per annum. Simultaneous to the issuance of the IMTNs, the subsidiary has also secured an Islamic Commercial Paper facility of RM100.0 million under the principle of Sukuk Musyarakah for a tenure of up to seven years from the first drawdown and bearing interest cost at prevailing market rates upon drawdown.

## **12. Changes in composition of the Group**

There were no changes in the composition of the Group for the current quarter ended 31 March 2008.

## **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 31 March 2008 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	67,367
Heavy repair expenditure	6,832
Approved but not contracted for:	
Highway development expenditure	49,800
Heavy repair expenditure	30,653
Total	154,652

#### 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	3,506	13,057
Deferred tax	(852)	24,892
Total	2,654	37,949

The effective tax rate is lower than the statutory tax rate for the current quarter due to change in statutory tax rate to 25% effective year of assessment 2009 which the effect of change in tax rate have been reflected in current quarter.

As for the financial year-to-date, the effective tax rate is slightly higher than the statutory tax rate 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 except for the proposal as mentioned in Note 11(a).

**19. Group borrowings**

Group borrowings as at 31 March 2008 are as follows:

	RM'000
Secured:	
Long Term Borrowings	572,505
Short Term Borrowings	75,000
	647,505
Unsecured:	
Long Term Borrowings	150,000
Total	797,505

The Group borrowings are denominated in Ringgit Malaysia.

The abovementioned borrowings have been fully refinanced on 15 April 2008 as discussed in Note 11(b).

**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 RM31.8 million is lower than the Group's profit before taxation of RM35.8 million achieved in the immediate preceding quarter. This is mainly due to lower revenue recorded in the current quarter, and higher expenses as a result of the derecognition of highway development expenditure arising from the pavement rehabilitation exercise offset by lower share of loss in jointly controlled entities of RM3.9 million in the current quarter as compared to RM6.5 million in the immediate preceding quarter. The lower share of loss in jointly controlled entities mentioned above is attributable to higher revenue achieved by Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT") arising from the recognition of Government compensation received by SPRINT in lieu of the deferment of toll rate increase.

### 23. Review of performance for the current quarter

For the current quarter, the Group registered a higher revenue of RM72.1 million as compared to RM69.6 million recorded in the preceding year corresponding quarter. This was mainly due to the effect of higher traffic volume. However, the Group's current quarter revenue is slightly lower as compared to the immediate preceding quarter of RM73.7 million due to lower traffic volume recorded in the current quarter due to seasonal fluctuations.

The Group's profit before tax of RM31.8 million recorded in the current quarter is lower as compared to RM46.5 million registered in the preceding year corresponding quarter mainly due to the higher expenses in the current quarter as mentioned in Note 22 and the one-off gain on disposal of investments in quoted shares in the preceding year corresponding quarter.

### 24. Next year's prospects

Barring any unforeseen circumstances and fuel price increases, the Board of Directors expects higher revenue to be generated from the growth in the traffic plying the Lebuh Raya Damansara-Puchong ("LDP").

### 25. Profit forecast or profit guarantees

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

### 26. Dividend

The Board of Directors has on 9 April 2008 approved for the payment of a single tier interim dividend as mentioned in Note 11. Dividend for the current financial period and the preceding corresponding period are as follows: -

2008	2007
(i) Interim dividend of 5 Sen per share (before taxation of 26%)	(i) Interim dividend of 5 Sen per share (before taxation of 28%)
(ii) *Interim dividend of 7 Sen per share (single tier dividend)	(iii) Final dividend of 5 Sen per share (before taxation of 26%)
Total dividend declared for the financial year is 12 Sen per share (5 sen before taxation of 26% and 7 sen single tier interim dividend respectively)	Total dividend declared for the financial year was 10 Sen per share (5 sen before taxation of 28% and 5 sen before taxation of 26% respectively)

**\*Note:**

The single tier interim dividend shall be paid at a date to be determined and in respect of deposited securities, entitlement to dividend will be determined on the basis of the record of depositors as at the book closure date.



## 27. Earnings per share

The basic earnings per share is calculated based on the Group's profit for the year attributable to equity holders of the Company of RM104.795 million and weighted average number of ordinary shares in issue during the year of 490.658 million.

The diluted earnings per share is calculated based on the Group's profit for the year attributable to equity holders of the Company of RM104.795 million and weighted average number of ordinary shares including dilutive potential shares, of 492.583 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	490.658
Effect of Employees Share Option Scheme	1.925
Weighted average number of ordinary shares (diluted)	492.583