

# Lingkaran Trans Kota Holdings Berhad (335382-V)

## Notes To The Interim Financial Statements For The Period Ended 30 June 2008

### 1. Basis of preparation

The interim financial statements have been prepared in compliance with FRS 134, 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 2008. 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 2008.

### 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 2008.

On 1 April 2008, the Group adopted the following Financial Reporting Standards ("FRSs") and Amendment to FRS and Interpretations which were effective for annual periods beginning on or after 1 July 2007:

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

The adoption of the above FRSs, Amendment to FRS and Interpretations did not result in significant changes in accounting policies 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 2008.

**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 for the followings:-

- (i) The issuance of 1,941,000 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.
- (ii) On 15 April 2008, Lingkaran Trans Kota Sdn Bhd ("LITRAK"), a wholly-owned subsidiary of the Company undertook to refinance the following then existing debt instruments:
  - (a) RM375.0 million Senior Bai Bithaman Ajil Islamic Debts Securities;
  - (b) RM148.0 million Junior Bai Bithaman Ajil Islamic Debts Securities;
  - (c) RM275.0 million Bank Guaranteed Fixed Rate Serial Bonds;
  - (d) RM150.0 million Fixed Rate Serial Bonds;
  - (e) RM255.0 million Murabahah Commercial Papers / Medium Term Notes; and
  - (f) RM324.1 million Redeemable Unsecured Loan Stock ("RULS")

Simultaneous to the refinancing exercise, LITRAK issued new Islamic Medium Term Notes I and II ("IMTNs") amounting to RM1,145.0 million and RM300.0 million respectively 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 ("ICP") facility of RM100.0 million under the principle of Sukuk Musyarakah for a tenure of seven years from the first drawdown and bearing interest cost at prevailing market rates upon drawdown.

**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 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	74,442	-	-	74,442
Inter-segment revenue	-	170,372	(170,372)	-
Total Revenue	74,442	170,372	(170,372)	74,442
<b>Result</b>				
Segment results	58,398	170,046	(169,984)	58,460
Finance costs	(16,340)	-	1,554	(14,786)
Interest income	3,648	4,774	(1,554)	6,868
Share of losses of jointly controlled entities	(2,736)	-	-	(2,736)
Income tax expense	(12,342)	(1,205)	-	(13,547)
Profit for the year				34,259

**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 as discussed in Note 18.

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

There were no changes in the composition of the Group for the current quarter ended 30 June 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 30 June 2008 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	113,401
Heavy repair expenditure	36,043
Share of capital commitments of jointly controlled entities	24
Total	149,468

#### 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	2,117	2,117
Deferred tax	11,430	11,430
Total	13,547	13,547

As for the current quarter and 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

On 28 May 2008, Lingkaran Trans Kota Holdings Berhad ("Litrak Holdings") has announced the proposed cash distribution to the shareholders of the Company on the basis of RM0.93 cash for every one (1) existing ordinary share of RM1.00 each in Litrak Holdings.

Subsequent to the balance sheet date, on 18 July 2008, the High Court of Malaya has confirmed the proposed capital repayment. The book closure date was subsequently fixed on 7 August 2008 and the payment was made on 13 August 2008 to complete the proposed capital repayment. Accordingly the par value of the each ordinary share of Litrak Holdings has been reduced from RM1.00 to RM0.20 per share.

**19. Group borrowings**

Group borrowings as at 30 June 2008 are as follows:

	RM'000
Secured: Long Term Borrowings	1,446,663
Total	1,446,663

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 RM47.8 million is higher than the Group's profit before taxation of RM31.8 million achieved in the immediate preceding quarter. This is mainly due to higher revenue (as discussed in Note 23), lower derecognition of highway development expenditure arising from the pavement rehabilitation exercise; higher interest income earned in the current quarter and lower finance cost.

The finance cost was lower as compared to immediate preceding quarter mainly due to the redemption sum of a discounted bond being lower than its book value.

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

For the current quarter, the Group achieved an increase in revenue of RM74.4 million compared to RM72.5 million of the preceding year corresponding quarter, and RM72.1 million of the immediate preceding quarter. This is due to improved traffic volume recorded in the first two months of the quarter. However, the increase in petrol and diesel prices implemented by the Government on 5 June 2008 has caused a 4.2% reduction of traffic volume in June 2008, compared to that of May 2008.

The Group's profit before tax of RM47.8 million recorded in the current quarter is higher as compared to RM36.9 million registered in the preceding year corresponding quarter mainly due to higher revenue recorded and higher interest income earned, lower share of loss in jointly controlled entities in the current quarter as well as lower finance cost arising from the redemption sum of a discounted bond being lower than its book value.

## 24. Current year's prospects

As mentioned in Note 23 above, the traffic volume has decreased in June 2008 due to increase in petrol and diesel prices. This reduction in traffic volume is expected to persist for several months before the volume rebounds, provided there are no further changes in the fuel prices. The Group is optimistic that the situation will improve in view of the world fuel market situation.

The Group is concerned about the impact of the announced intention of the Government to require all highway concessionaires to reduce toll. The situation is being monitored closely. Based on our past negotiations with the Government, the Group is, however, optimistic that conditions of the concession agreement will be observed by all parties concerned.

## 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

On 22 August 2008, the Board of Directors has approved a single tier interim dividend of 5 Sen per share for the financial year ending 31 March 2009.

The 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 at the book closure date.

No dividend had been recommended by the Board of Directors in the previous year corresponding quarter ended 30 June 2007.

## 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 RM34.259 million and weighted average number of ordinary shares in issue during the year of 493.632 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 RM34.259 million and weighted average number of ordinary shares including dilutive potential shares, of 494.551 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	493.632
Effect of Employees Share Option Scheme	0.919
Weighted average number of ordinary shares (diluted)	494.551