

# Lingkar Trans Kota Holdings Berhad (335382-V)

## Notes To The Interim Financial Statements For The Period Ended 30 September 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**

- (i) During the current financial year-to-date, the Company issued 2,266,000 new ordinary shares of RM1 each and 36,000 new ordinary shares of RM0.20 each for cash pursuant to the Company's ESOS at exercise price ranging between RM1.34 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

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

	RM'000
Single tier interim dividend of 7 sen per share for the financial year ended 31 March 2008 paid on 7 July 2008	34,583
Single tier interim dividend of 5 sen per share for the financial year ending 31 March 2009 paid on 25 September 2008	24,720
<b>Total</b>	<b>59,303</b>

## 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	149,075	-	-	149,075
Inter-segment revenue	-	170,748	(170,748)	-
<b>Total Revenue</b>	<b>149,075</b>	<b>170,748</b>	<b>(170,748)</b>	<b>149,075</b>
<b>Result</b>				
Segment results	115,055	169,946	(169,965)	115,036
Finance costs	(39,014)	-	1,554	(37,460)
Interest income	6,930	7,151	(1,554)	12,527
Share of losses of jointly controlled entities	(6,917)	-	-	(6,917)
Income tax expense	(22,402)	(1,775)	-	(24,177)
<b>Profit for the year</b>				<b>59,009</b>

## 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 September 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 capital expenditure not provided for in the interim financial statements as at 30 September 2008 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	102,758
Heavy repair expenditure	33,389
Share of capital commitments of jointly controlled entities	58
Total	136,205

**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	1,391	3,508
Deferred tax	9,239	20,669
Total	10,630	24,177

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**

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 September 2008 are as follows:

	RM'000
Secured: Long Term Borrowings	1,448,854
Total	1,448,854

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 RM35.4 million is lower than the Group's profit before taxation of RM47.8 million achieved in the immediate preceding quarter. This is mainly due to higher derecognition of highway development expenditure arising from pavement rehabilitation exercise; higher share of losses of jointly controlled entities and higher finance cost.

The finance cost is higher in the current quarter due to recognition of the redemption sum on a discounted bond being lower than its debt book value in the immediate preceding quarter.

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

For the current quarter, the Group achieved a fairly consistent revenue of RM74.6 million as compared to RM74.8 million recorded in the preceding year corresponding quarter and RM74.4 million recorded in the immediate preceding quarter. This is mainly due to the consistent traffic volume achieved in spite of the fluctuations of fuel price over the respective quarters.

The Group's profit before tax of RM35.4 million recorded in the current quarter is lower as compared to RM38.3 million registered in the preceding year corresponding quarter. This is mainly due to the higher finance cost incurred in current quarter as compared to preceding year corresponding quarter.

**24. Current year's prospects**

The increase in fuel price in June 2008 had caused an immediate drop in traffic volume plying the Lebuhraya Damansara-Puchong ("LDP"). Nevertheless the Board of Directors is optimistic that a low but gradual increase in revenue will be generated from the projected growth in traffic plying the LDP barring any upward changes in fuel prices.

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 terms 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**

No dividend is recommended for the current quarter. For the current financial year-to-date, the Board of Directors had declared a single tier interim dividend of 5 sen per share which was paid on 25 September 2008.

In the previous year corresponding quarter ended 30 September 2007, an interim dividend of 5 sen per share less 26% taxation was declared by the Board of Directors which was paid on 12 December 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 RM59.009 million and weighted average number of ordinary shares in issue during the year of 494.001 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 RM59.009 million and weighted average number of ordinary shares including dilutive potential shares, of 494.565 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	494.001
Effect of Employees Share Option Scheme	0.564
Weighted average number of ordinary shares (diluted)	494.565