

Lingkar Trans Kota Holdings Berhad (335382-V)

Notes To The Interim Financial Statements For The Period Ended 31 December 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 ₂₀₀₄ 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 120,000 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.

- (iii) On 13 August 2008, the Company has completed the capital repayment exercise and accordingly, the par value of the each ordinary share of Lingkaran Trans Kota Holdings Berhad has been reduced from RM1.00 to RM0.20 per 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
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
Total	59,303

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
Revenue				
Revenue - external	224,029	-	-	224,029
Inter-segment revenue	-	171,123	(171,123)	-
Total Revenue	224,029	171,123	(171,123)	224,029
Result				
Segment results	171,051	169,955	(169,950)	171,056
Finance costs	(61,653)	-	1,554	(60,099)
Interest income	10,298	7,503	(1,554)	16,247
Share of losses of jointly controlled entities	(10,179)	-	-	(10,179)
Income tax expense	(32,319)	(2,065)	-	(34,384)
Profit for the year				82,641

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 31 December 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 31 December 2008 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	93,341
Heavy repair expenditure	27,498
Share of capital commitments of jointly controlled entities	82
Total	120,921

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	1,132	4,640
Deferred tax	9,075	29,744
Total	10,207	34,384

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 31 December 2008 are as follows:

	RM'000
Secured: Long Term Borrowings	1,451,045
Total	1,451,045

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 RM33.8 million is lower than the Group's profit before taxation of RM35.4 million achieved in the immediate preceding quarter. This is mainly contributed by lower interest income generated in the current quarter due to the completion of the capital repayment exercise on 13 August 2008. The reduction is however, mitigated by lower share of losses of jointly controlled entities in the current quarter.

23. Review of performance for the current quarter

For the current quarter, the Group achieved a fairly consistent revenue of RM75.0 million as compared to RM74.6 million recorded in the immediate preceding quarter and RM73.7 million recorded in the preceding year corresponding 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 RM33.8 million recorded in the current quarter is lower as compared to RM35.8 million registered in the preceding year corresponding quarter. This is mainly due to the higher finance cost incurred, mitigated by lower share of losses of jointly controlled entities in the current quarter as compared to preceding year corresponding quarter. Higher finance cost was incurred as a result of the refinancing exercise undertaken by Lingkar Trans Kota Sdn Bhd, a wholly-owned subsidiary of the Company on 15 April 2008.

24. Current year's prospects

The increase in fuel price in June 2008 had caused an immediate drop in traffic volume plying the Lebu Raya Damansara-Puchong ("LDP"). Consistent with the drop in world fuel prices, pump petrol prices in Malaysia has dropped gradually from a high of RM2.70 per litre in June 2008 to RM1.80 per litre in December 2008. Barring any unforeseen circumstances, particularly significant increase in fuel prices, 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.

The Group is concerned about the impact of the announced intention of the Government to require all highway concessionaires to reduce toll. A decision from the Government is still pending. 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

On 25 February 2009, the Board of Directors has declared a second single tier interim dividend of 20 sen per ordinary share in Lingkar Trans Kota Holdings Berhad in respect of the financial year ending 31 March 2009. The second 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 was declared in the preceding year corresponding quarter.

The total dividend per share for the current financial year-to-date is 25 sen inclusive of the first single tier interim dividend of 5 sen, paid on 25 September 2008. For the preceding year corresponding period, a total dividend per share of 5 sen less 26% taxation was declared.

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 RM82.641 million and weighted average number of ordinary shares in issue during the year of 494.156 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 RM82.641 million and weighted average number of ordinary shares including dilutive potential shares, of 494.652 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	494.156
Effect of Employees Share Option Scheme	0.496
Weighted average number of ordinary shares (diluted)	494.652