Lingkaran Trans Kota Holdings Berhad (335382-V)

Notes To The Interim Financial Statements
For The Year Ended 31 March 2009

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 revised Financial Reporting Standards ("FRSs"), Amendment to FRS and Interpretations:

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 Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above revised FRSs, Amendment to FRS and Interpretations do not have any significant impact on the financial statements of the Group.

2. Changes in accounting policies (Cont'd)

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

		Effective for financial periods beginning on or after
FRSs, Amendment to FRSs and Interpretations		
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The above new FRSs, Amendment to FRSs 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 7 and 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 2008.

4. Seasonality and cyclicality of operations

There was no significant fluctuation in the seasonality or cyclicality 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 2,635,000 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
First single tier interim dividend of 5 sen per share for the financial year ending 31 March 2009 paid on 25 September 2008	24,720
Second single tier interim dividend of 20 sen per share for the financial year ending 31 March 2009 paid on 24 March 2009	99,386
Total	158,689

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	297,541	-	-	297,541
Inter-segment revenue	-	281,376	(281,376)	-
Total Revenue	297,541	281,376	(281,376)	297,541
Result				
Segment results	225,269	279,560	(279,933)	224,896
Finance costs	(83,860)	-	1,554	(82,306)
Interest income	13,094	7,684	(1,554)	19,224
Share of profit of an associate	1	-	-	1
Share of losses of jointly controlled entities	(16,787)	-	-	(16,787)
Income tax expense	(40,428)	(2,461)	-	(42,889)
Profit for the year				102,139

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 March 2009.

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 March 2009 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	82,080
Heavy repair expenditure	21,602
Approved but not contracted for:	
Highway development expenditure	398
Plant and equipment	282
Share of capital commitments of jointly controlled entities	669
Total	105,031

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	52	4,692
Deferred tax	8,453	38,197
Total	8,505	42,889

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 March 2009 are as follows:

	RM'000
Secured:	
Long Term Borrowings	1,453,237
Total	1,453,237

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 RM28.0 million is lower than the Group's profit before taxation of RM33.8 million achieved in the immediate preceding quarter. This is mainly due to higher share of losses in Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Group") and lower interest income generated in the current quarter. The higher share of losses in SPRINT Group is mainly due to higher finance cost in the current quarter.

23. Review of performance for the current quarter

For the current quarter, the Group registered a lower revenue of RM73.5 million as compared to RM75.0 million recorded in the immediate preceding quarter. This was mainly due to the effect of lower traffic volume in the current quarter in tandem with seasonal fluctuations. However, the Group's current quarter revenue is slightly higher as compared to the preceding year corresponding quarter of RM72.1 million.

The Group's profit before tax of RM28.0 million recorded in the current quarter is lower as compared to RM31.8 million registered in the preceding year corresponding quarter. This is mainly due to the higher finance cost in LITRAK and higher share of losses in SPRINT Group.

24. Next year's prospects

The Government has announced that it will come out with a long term solution to the recurring problem it faces with respect to toll increases. It has set a target of 3 months (i.e. by end of July 2009) for the Economic Planning Unit to find the solution. 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.

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 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

No dividend is recommended for the current quarter. Dividend for the current financial period and the preceding corresponding period are as follows: -

2009	**2008**
(i) First interim dividend of 5 sen per share (single tier dividend) (ii) Second interim dividend of 20 sen per share (single tier dividend)	(i) Interim dividend of 5 sen per share (before taxation of 26%) (iii) Interim dividend of 7 sen per share (single tier dividend)
Total dividend declared for the financial year was 25 sen per share (single tier interim dividend)	Total dividend declared for the financial year was 12 sen per share (5 sen before taxation of 26% and 7 sen single tier interim dividend respectively)

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 RM102.139 million and weighted average number of ordinary shares in issue during the year of 494.548 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 RM102.139 million and weighted average number of ordinary shares including dilutive potential shares, of 495.188 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	494.548
Effect of Employees Share Option Scheme	0.640
Weighted average number of ordinary shares (diluted)	495.188

28. Comparative figures

The presentation and classification of items in the current quarter interim financial statements have been consistent with the previous quarters except for certain comparative amounts which have been reclassified to conform with current quarter's presentation.