

Lingkaran Trans Kota Holdings Berhad (335382-V)

Notes To The Interim Financial Statements For The Year Ended 31 March 2010

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 2009. 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 2009.

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 2009.

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

FRSs, Amendments to FRSs and Interpretations

Effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments
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Effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments 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
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations

2. Changes in accounting policies (Cont'd)

FRSs, Amendments to FRSs and Interpretations

Effective for financial periods beginning on or after 1 January 2010:

Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Amendments to FRSs IC Interpretation 9	'Improvements to FRSs (2009)' Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132	Classification of Rights Issues
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Effective for financial periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

The above new/revised FRSs, Amendments to FRSs, Interpretations and Amendments to Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except FRS 7, FRS 139, FRS 101 and IC Interpretation 12.

The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7, FRS 139 and IC Interpretation 12.

2. Changes in accounting policies (Cont'd)

FRS 101: Presentation of Financial Statements (revised)

The new FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

This is a disclosure standard with no impact on the financial position or financial performance of the Group and of the Company.

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 2009.

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 issuance of 2,924,000 new ordinary shares of RM0.20 each for cash pursuant to the Company's ESOS at exercise price ranging between RM1.34 and RM2.51 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
First single tier interim dividend of 10 sen per ordinary share of 20 sen each for the financial year ending 31 March 2010 paid on 29 September 2009	49,882
Second single tier interim dividend of 7 sen per ordinary share of 20 sen each for the financial year ending 31 March 2010 paid on 23 March 2010	34,994
Total	84,876

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	310,541	-	-	310,541
Inter-segment revenue	-	86,551	(86,551)	-
Total Revenue	310,541	86,551	(86,551)	310,541
Result				
Segment results	231,659	84,657	(85,036)	231,280
Finance costs	(89,860)	-	-	(89,860)
Interest income	7,545	718	-	8,263
Share of profit of an associate	1	-	-	1
Share of losses of jointly controlled entities	(22,356)	-	-	(22,356)
Income tax expense	(40,852)	(512)	1	(41,363)
Profit for the year				85,965

10. Valuation of property, plant and equipment

All property, 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 as disclosed in Note 12.

12. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 March 2010.

Subsequent to the financial year ended 31 March 2010:

- (a) On 1 April 2010, the Company entered into Sale of Shares Agreements with Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd and Kesas Holdings Berhad to acquire the balance of shares in ETC Links Sdn Bhd (“ETC Links”) not already owned by the Company totalling 400,002 ordinary shares of RM1.00 each and representing 66.67% of the issued and paid-up capital of ETC Links, for a total cash consideration of RM260,344 (“the Acquisition”). Upon the Acquisition, ETC Links which was an associate company, became a wholly-owned subsidiary of the Company.
- (b) Semarak Zaman Sdn Bhd, a wholly-owned subsidiary of the Company, had been struck off from the Register of Companies Commission of Malaysia and dissolved with effect from 4 April 2010. Semarak Zaman Sdn Bhd has not commenced operation since its incorporation.

The above is part of rationalisation and streamlining exercise and not expected to have any material impact on the Group and the Company.

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 2010 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	178,313
Heavy repair expenditure	6,465
Property, plant and equipment	88
Approved but not contracted for:	
Highway development expenditure	204,600
Share of capital commitments of jointly controlled entities	115
Total	389,581

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	552	1,938
Deferred tax	9,464	39,425
Total	10,016	41,363

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 during the quarter except for its wholly-owned subsidiary, Lingkaran Trans Kota Sdn Bhd, disposing of its staff quarters at a total sale value of RM3.08 million. The loss on disposal of RM0.65 million was recognised in the current quarter.

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 2010 are as follows:

	RM'000
Secured: Long Term Borrowings	1,462,003
Total	1,462,003

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 RM28.3 million is lower than the Group's profit before taxation of RM32.4 million achieved in the immediate preceding quarter. This is mainly due to higher amortisation of highway development expenditure from additional provision for land acquisition cost in the current quarter.

23. Review of performance for the current quarter

For the current quarter, the Group achieved a higher revenue of RM79.5 million as compared to RM78.6 million recorded in the immediate preceding quarter and RM73.5 million recorded in the preceding year corresponding quarter. The higher revenue in the current quarter as compared to the preceding year corresponding quarter is mainly due to higher traffic volume recorded on the Lebuhraya Damansara-Puchong ("LDP") in the current quarter.

As a result of the above, the Group's profit before tax of RM28.3 million recorded in the current quarter is higher as compared to RM28.0 million registered in the preceding year corresponding quarter.

24. Next year's prospects

In April 2009, the Government had announced that it will come out with a long term solution to the recurring public pressure it faces with respect to toll increases and had instructed the Economic Planning Unit to come out with recommendations. The decision from the Government is still being awaited. 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 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 year corresponding period are as follows: -

2010	2009
(i) First interim dividend of 10 sen per share (single tier dividend)	(i) First interim dividend of 5 sen per share (single tier dividend)
(ii) Second interim dividend of 7 sen per share (single tier dividend)	(ii) Second interim dividend of 20 sen per share (single tier dividend)
Total dividend declared for the financial year was 17 sen per share (single tier interim dividend)	Total dividend declared for the financial year was 25 sen per share (single tier interim dividend)

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 RM85.965 million and weighted average number of ordinary shares in issue during the year of 498.654 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 RM85.965 million and weighted average number of ordinary shares including dilutive potential shares, of 498.942 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	498.654
Effect of Employees Share Option Scheme	0.288
Weighted average number of ordinary shares (diluted)	498.942

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.