

Lingkaran Trans Kota Holdings Berhad

Condensed Consolidated Statements of Financial Position

	As at 30-Jun-16 RM'000	As at 31-Mar-16 RM'000
Assets		
Non-current assets		
Highway development expenditure ("HDE")	1,515,153	1,536,911
Plant and equipment	2,107	2,190
Other intangible assets	1,107	1,153
Investment in an associate	184,326	184,023
	<u>1,702,693</u>	<u>1,724,277</u>
Current assets		
Sundry receivables	126,687	82,692
Amount due from an associate	7,730	7,602
Investment securities	5,451	5,401
Cash and bank balances	379,296	419,051
	<u>519,164</u>	<u>514,746</u>
Total assets	<u>2,221,857</u>	<u>2,239,023</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	104,744	104,538
Share premium	103,710	99,329
Other reserve	3,388	476
Retained earnings	464,092	403,005
Total equity	<u>675,934</u>	<u>607,348</u>
Liabilities		
Non-current liabilities		
Deferred revenue	20,565	20,956
Deferred tax liabilities	228,847	228,844
Borrowings	1,113,468	1,221,386
Retirement benefit obligations	2,351	2,284
	<u>1,365,231</u>	<u>1,473,470</u>
Current liabilities		
Provision for heavy repairs	23,443	22,122
Borrowings	110,000	70,000
Sundry payables	29,901	55,081
Income tax payable	17,348	11,002
	<u>180,692</u>	<u>158,205</u>
Total liabilities	<u>1,545,923</u>	<u>1,631,675</u>
Total equity and liabilities	<u>2,221,857</u>	<u>2,239,023</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

Lingkaran Trans Kota Holdings Berhad

Condensed Consolidated Statements of Comprehensive Income

	Quarter ended		Year-to-date	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	RM'000	RM'000	RM'000	RM'000
Revenue	136,020	96,174	136,020	96,174
Employee benefits expense	(8,421)	(7,222)	(8,421)	(7,222)
Maintenance expenses	(5,883)	(3,788)	(5,883)	(3,788)
Depreciation and amortisation	(21,959)	(15,722)	(21,959)	(15,722)
Other expenses	(2,371)	(1,774)	(2,371)	(1,774)
	(38,634)	(28,506)	(38,634)	(28,506)
	97,386	67,668	97,386	67,668
Interest income	3,516	2,872	3,516	2,872
Other income	55	2,115	55	2,115
Finance costs	(20,203)	(20,915)	(20,203)	(20,915)
Share of results of an associate	303	5,192	303	5,192
Profit before tax	81,057	56,932	81,057	56,932
Income tax expense	(19,970)	(13,443)	(19,970)	(13,443)
Profit for the period, representing total comprehensive income	61,087	43,489	61,087	43,489
Basic earnings per share attributable to equity holders of the Company (sen per share)	11.68	8.42	11.68	8.42
Diluted earnings per share attributable to equity holders of the Company (sen per share)	11.66	8.40	11.66	8.40

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

Lingkaran Trans Kota Holdings Berhad

Condensed Consolidated Statements of Changes in Equity

	← Non-distributable →			Distributable	
	Share capital	Share premium	Other reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 30 June 2015					
At 1 April 2015	103,109	73,190	1,445	359,411	537,155
Total comprehensive income	-	-	-	43,489	43,489
Transactions with owners					
Issue of ordinary shares pursuant to ESOS	400	6,491	-	-	6,891
Share options granted under ESOS	-	-	1,651	-	1,651
Total transactions with owners	400	6,491	1,651	-	8,542
At 30 June 2015	103,509	79,681	3,096	402,900	589,186
3 months ended 30 June 2016					
At 1 April 2016	104,538	99,329	476	403,005	607,348
Total comprehensive income	-	-	-	61,087	61,087
Transactions with owners					
Issue of ordinary shares pursuant to ESOS	206	4,381	-	-	4,587
Share options granted under ESOS	-	-	2,912	-	2,912
Total transactions with owners	206	4,381	2,912	-	7,499
At 30 June 2016	104,744	103,710	3,388	464,092	675,934

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

Lingkaran Trans Kota Holdings Berhad

Condensed Consolidated Statements of Cash Flows

	3 months ended	
	30-Jun-16	30-Jun-15
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	81,057	56,932
Adjustments for:		
Amortisation of HDE	21,733	15,423
Amortisation of other intangible assets	46	100
Depreciation of plant and equipment	180	199
Plant and equipment written off	4	-
Gain on disposal of plant and equipment	(4)	-
Share of results of an associate	(303)	(5,192)
Deferred revenue recognised	(391)	(390)
Interest income	(1,348)	(1,497)
Distribution from investment securities	(191)	(46)
Profit element and fees on financing activities	18,121	18,819
Unwinding of discount	2,082	2,096
Profit sharing on Islamic investment	(2,168)	(1,375)
Provision for retirement benefits	67	67
Share options granted under ESOS	2,272	1,295
Provision for heavy repairs	3,870	2,210
Operating profit before working capital changes	<u>125,027</u>	<u>88,641</u>
Increase in sundry receivables	(44,015)	(25,921)
Decrease in sundry payables	(5,142)	(3,780)
Decrease/(increase) in amount due from an associate	512	(961)
Cash generated from operations	<u>76,382</u>	<u>57,979</u>
Income tax paid	(13,621)	(11,026)
Net cash generated from operating activities	<u>62,761</u>	<u>46,953</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for HDE	(318)	(288)
Purchase of plant and equipment	(101)	(1)
Purchase of other intangible assets	-	(65)
Payment for heavy repairs	(2,549)	(6,680)
Purchase of investment securities	(50)	(46)
Interest received	1,541	1,350
Profit sharing on Islamic investment received	1,995	1,049
Distribution received from investment securities	191	46
Proceeds from disposal of plant and equipment	4	-
Net cash generated from/(used in) investing activities	<u>713</u>	<u>(4,635)</u>

Lingkaran Trans Kota Holdings Berhad

Condensed Consolidated Statements of Cash Flows

	3 months ended	
	30-Jun-16	30-Jun-15
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares via exercise of ESOS	4,587	6,891
Profit element and fees on financing activities paid	(37,816)	(37,811)
Repayment of IMTN I	(70,000)	-
Net cash used in financing activities	(103,229)	(30,920)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(39,755)	11,398
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	419,051	329,427
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	379,296	340,825

Cash and cash equivalents at end of the financial period comprise the following:

	As at	As at
	30-Jun-16	30-Jun-15
	RM'000	RM'000
Deposits with licensed financial institutions	375,734	338,078
Cash on hand and at banks	3,562	2,747
Cash and cash equivalents at 30 June	379,296	340,825

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

Lingkaran Trans Kota Holdings Berhad (335382-V)

Explanatory Notes to the Interim Financial Statements For The Period Ended 30 June 2016

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2016. 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 2016.

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 2016.

On 1 April 2016, the Group and the Company adopted the following amended Malaysian Financial Reporting Standards (MFRSs) mandatory for annual financial periods beginning on or after 1 January 2016:

Effective for annual periods beginning on or after 1 January 2016:

Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRSs	Annual Improvements to MFRSs 2012 - 2014 Cycle
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants

The adoption of the amended standards did not have any material effect on the financial performance or position of the Group and of the Company except as follows:

2. Changes in accounting policies (Cont'd)

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group has adopted the Amendments to MFRS 116 and MFRS 138 and amortises its highway development expenditure (HDE) using the traffic volume method for financial year ending 31 March 2017.

The Group amortises the HDE based on the following formula:

$$\frac{\text{Actual Traffic Volume For The Year}}{\text{Actual Traffic Volume For The Year Plus Projected Traffic Volume To Completion}} \times \text{Opening HDE Net Carrying Amount Plus Current Year Additions}$$

Prior to this, the Group used the revenue method for amortisation of HDE. The adoption of traffic volume method does not have significant impact to the financial statement.

MFRSs and Amendments to MFRSs issued but not yet effective

At the date of authorisation of these condensed consolidated interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group and the Company:

Effective for annual periods beginning on or after 1 January 2017:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments (IFRS 9 as issued By IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS 15	Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019:

MFRS 16	Leases
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2. Changes in accounting policies (Cont'd)

MFRSs and Amendments to MFRSs issued but not yet effective (Cont'd)

Effective date deferred indefinitely:

Amendments to MFRS 10
and MFRS 128

Sale or Contribution of Assets between an
Investor and its Associate or Joint Venture

The adoption of the above standards will have no material impact on the financial statements in the period of initial application except for the MFRS 9 Financial Instruments as discussed below.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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 2016.

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 had 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 1,030,000 new ordinary shares of RM0.20 each for cash pursuant to the Company's Employee Share Option Scheme (ESOS) at exercise price ranging between RM3.44 and RM4.68 per ordinary share.

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 are as follows:

3 months period ended 30 June 2016

	Highway RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue				
Revenue from external customers	136,020	-	-	136,020
Inter-segment revenue	-	212	(212)	-
Total revenue	136,020	212	(212)	136,020
Result				
Segment results	98,046	(641)	36	97,441
Interest income	3,185	331	-	3,516
Profit/(loss) from operations	101,231	(310)	36	100,957
Finance costs	(20,203)	-	-	(20,203)
Share of results of an associate	303	-	-	303
Profit/(loss) before tax	81,331	(310)	36	81,057
Income tax expense	(19,852)	(118)	-	(19,970)
Profit/(loss) for the period, representing total comprehensive income	61,479	(428)	36	61,087

9. Segment information (Cont'd)

3 months period ended 30 June 2015

	Highway RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue				
Revenue from external customers	96,174	-	-	96,174
Inter-segment revenue	-	225	(225)	-
Total revenue	96,174	225	(225)	96,174
Result				
Segment results	70,096	(338)	25	69,783
Interest income	4,307	73	(1,508)	2,872
Profit/(loss) from operations	74,403	(265)	(1,483)	72,655
Finance costs	(20,915)	(1,508)	1,508	(20,915)
Share of results of an associate	5,192	-	-	5,192
Profit/(loss) before tax	58,680	(1,773)	25	56,932
Income tax expense	(13,372)	(71)	-	(13,443)
Profit/(loss) for the period, representing total comprehensive income	45,308	(1,844)	25	43,489

The segment assets and segment liabilities of the Group are as follows:

	Highway		Others		Eliminations		Consolidated	
	30-Jun-16 RM'000	31-Mar-16 RM'000	30-Jun-16 RM'000	31-Mar-16 RM'000	30-Jun-16 RM'000	31-Mar-16 RM'000	30-Jun-16 RM'000	31-Mar-16 RM'000
Assets and liabilities								
Segment assets	1,989,841	2,014,689	98,664	92,974	(50,974)	(52,663)	2,037,531	2,055,000
Investment in an associate	184,326	184,023	-	-	-	-	184,326	184,023
Consolidated total assets	<u>2,174,167</u>	<u>2,198,712</u>	<u>98,664</u>	<u>92,974</u>	<u>(50,974)</u>	<u>(52,663)</u>	<u>2,221,857</u>	<u>2,239,023</u>
Segment liabilities	<u>1,544,659</u>	<u>1,630,683</u>	<u>(400)</u>	<u>980</u>	<u>1,664</u>	<u>12</u>	<u>1,545,923</u>	<u>1,631,675</u>

The major operating segment of the Group is highway business. Explanatory comment on the performance of the highway business is provided in Note 21 and Note 22.

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 end of the current quarter

There were no material events subsequent to the end of the current quarter.

12. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year- to-date.

13. Contingent liabilities and contingent assets

There were no material changes in other contingent liabilities or contingent assets since 31 March 2016.

14. Capital Commitments

The amount of commitments for capital expenditure not provided for in the interim financial statements as at 30 June 2016 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	876
Other intangible assets	64
Total	940

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	19,967	19,967
Deferred tax	3	3
Total	19,970	19,970

For the current quarter and financial year-to-date, the Group's effective tax rate (excluding the results of an associate which is equity accounted net of tax) is slightly higher than the statutory tax rate due to certain expenditure not being allowed as a deduction for tax purposes.

16. Status of corporate proposals

There were no corporate proposals announced but not completed at a date not earlier than 7 days from the date of issue of this announcement.

17. Group borrowings

Group borrowings as at 30 June 2016 are as follows:

	RM'000
Secured:	
Long Term Borrowings	1,113,468
Short Term Borrowings	110,000
Total	1,223,468

The Group borrowings are denominated in Ringgit Malaysia.

18. Disclosure of Derivatives

There are no derivatives at the date of issue of this announcement.

19. Realised and unrealised profits/losses

The breakdown of the retained earnings of the Group as at 30 June 2016 and 31 March 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current financial period 30-Jun-16 RM'000	As at the end of last financial year 31-Mar-16 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	927,021	864,950
Unrealised (Note)	(252,290)	(250,966)
	<u>674,731</u>	<u>613,984</u>
Total share of accumulated losses from an associate		
Realised	(184,032)	(184,569)
Unrealised	(24,570)	(24,336)
	<u>466,129</u>	<u>405,079</u>
Less: Consolidation adjustments	(2,037)	(2,074)
Total group retained earnings as per financial statements	<u>464,092</u>	<u>403,005</u>

Note

This unrealised loss represents deferred tax liabilities and provision for heavy repairs recognised in a subsidiary company as at 30 June 2016 and 31 March 2016.

20. Material litigations

There were no pending material litigations. There has been no change in the situation since 31 March 2016 to a date not earlier than 7 days from the date of issue of this announcement.

21. Comparison of profit before taxation with the immediate preceding quarter

The Group recorded higher profit before taxation of RM81.1 million for the current quarter as compared to RM71.5 million recorded in the immediate preceding quarter. The increase in profit before taxation in the current quarter is mainly attributable to higher revenue achieved in the current quarter due to higher traffic volume recorded for Lebuhraya Damansara-Puchong (LDP) and lower maintenance expenses recorded in the current quarter.

22. Review of performance for the current quarter and financial year-to-date

For the current quarter and financial year-to-date, the Group recorded higher revenue of RM136.0 million as compared to RM131.6 million recorded in the immediate preceding quarter and RM96.2 million recorded in the preceding year corresponding quarter. The higher revenue recorded in the current quarter as compared to the immediate preceding quarter is due mainly to higher traffic volume recorded in the current quarter. The higher revenue in the current quarter as compared to preceding year corresponding quarter is due mainly to the scheduled toll rates increase for LDP due on 1 January 2016.

For the current quarter and financial year-to-date, the Group recorded higher profit before taxation of RM81.1 million as compared to RM56.9 million in the immediate preceding corresponding period. The significant increase in profit before taxation in the current financial year-to-date as compared to the immediate preceding corresponding period is mainly attributable to higher revenue recognised resulting from the scheduled toll rates increase for LDP due on 1 January 2016.

23. Current year's prospects

Pursuant to the Concession Agreement, the final toll increase was scheduled for 1 January 2016. However the Government has decided to defer the increase until further notice and hence will have to compensate Lingkaran Trans Kota Sdn Bhd for the loss in revenue as a result of the deferment. Based on our past experience with the Government, the Group is optimistic that terms of the Concession Agreement will continue to be observed by all parties concerned. Consequently, barring any unforeseen circumstances, the Board of Directors is optimistic that revenue will increase in line with the increase in traffic volume.

24. Profit forecast or profit guarantees

- (a) There is no profit forecast applicable for comparison.
- (b) There is no profit guarantee by the Group.

25. Dividend

On 30 August 2016, the Board of Directors has approved a single tier (exempt from tax) interim dividend of 10 sen per ordinary share for the financial year ending 31 March 2017.

The interim dividend shall be paid at a date to be determined and in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors at the book closure date.

For the preceding year corresponding period, a single tier (exempt from tax) interim dividend of 15 sen per ordinary share was declared.

26. Earnings per share

The basic earnings per share amounts are calculated by dividing the Group's profit for the period, net of tax, attributable to equity holders of the Company of RM61.087 million by the weighted average number of ordinary shares outstanding during the year of 523.137 million.

The diluted earnings per share amounts are calculated by dividing the Group's profit for the period, net of tax, attributable to equity holders of the Company of RM61.087 million by the weighted average number of ordinary shares outstanding during the period including dilutive potential ordinary shares, of 523.855 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	523.137
Effects of dilution: Exercise of Employee Share Option Scheme	0.718
Weighted average number of ordinary shares for diluted earnings per share computation	523.855

27. Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and financial liabilities carried at fair value in the statements of financial position are as follows:

Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities

Level 2 - inputs other than quoted market prices that are observable either directly or indirectly

Level 3 - inputs that are significant to the fair value measurement are unobservable

As at reporting date, the Group's and the Company's fair value for investment securities is measured at Level 1 hierarchy whereas fair values for borrowings are measured at Level 2 hierarchy.

No transfers between any levels of the fair value hierarchy took place during the current financial year and the comparative year. There were also no changes in the purpose of any financial asset and financial liability that subsequently resulted in a different classification of that asset.

28. Notes to the Condensed Consolidated Statement of Comprehensive Income

Total comprehensive income for the current quarter and financial year-to-date is arrived at after charging/ (crediting) the following items:

		Current Quarter 30 Jun 16 RM'000	Current Year-to-date 30 Jun 16 RM'000
(a)	Interest income	(3,516)	(3,516)
(b)	Other income	(55)	(55)
(c)	Finance costs	20,203	20,203
(d)	Depreciation and amortisation	21,959	21,959
(e)	Provision for and write off of receivables	-	-
(f)	Provision for and write off of inventories	-	-
(g)	Gain or loss on disposal of quoted or unquoted investments or properties	-	-
(h)	Impairment of assets	-	-
(i)	Foreign exchange gain or loss	-	-
(j)	Gain or loss on derivatives	-	-
(k)	Exceptional items	-	-

The above disclosure was prepared in accordance with paragraph 16 of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.