

Lingkaran Trans Kota Holdings Berhad

Condensed Consolidated Statements of Financial Position

	As at 30-Jun-17	As at 31-Mar-17
	RM'000	RM'000
Assets		
Non-current assets		
Highway development expenditure ("HDE")	1,420,801	1,444,521
Plant and equipment	2,292	2,489
Other intangible assets	1,507	1,566
Investment in an associate	177,657	178,511
	<u>1,602,257</u>	<u>1,627,087</u>
Current assets		
Sundry receivables	132,633	93,170
Amount due from an associate	4,326	6,247
Tax recoverable	2	-
Investment securities	5,643	5,595
Cash and bank balances	460,684	547,054
	<u>603,288</u>	<u>652,066</u>
Total assets	<u>2,205,545</u>	<u>2,279,153</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	224,055	222,448
Other reserve	4,313	1,341
Retained earnings	546,927	491,785
Total equity	<u>775,295</u>	<u>715,574</u>
Liabilities		
Non-current liabilities		
Deferred revenue	19,004	19,394
Deferred tax liabilities	212,721	215,504
Borrowings	981,684	1,119,713
Retirement benefit obligations	3,659	3,552
	<u>1,217,068</u>	<u>1,358,163</u>
Current liabilities		
Provision for heavy repairs	23,545	22,485
Borrowings	140,000	110,000
Sundry payables	39,160	62,637
Income tax payable	10,477	10,294
	<u>213,182</u>	<u>205,416</u>
Total liabilities	<u>1,430,250</u>	<u>1,563,579</u>
Total equity and liabilities	<u>2,205,545</u>	<u>2,279,153</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 2017 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-17	30-Jun-16	30-Jun-17	30-Jun-16
	RM'000	RM'000	RM'000	RM'000
Revenue	128,974	136,020	128,974	136,020
Employee benefits expense	(8,557)	(8,421)	(8,557)	(8,421)
Maintenance expenses	(4,726)	(5,883)	(4,726)	(5,883)
Depreciation and amortisation	(23,914)	(21,959)	(23,914)	(21,959)
Other expenses	(3,060)	(2,371)	(3,060)	(2,371)
	(40,257)	(38,634)	(40,257)	(38,634)
	88,717	97,386	88,717	97,386
Interest income	3,986	3,516	3,986	3,516
Other income	206	55	206	55
Finance costs	(18,725)	(20,203)	(18,725)	(20,203)
Share of results of an associate	(854)	303	(854)	303
Profit before tax	73,330	81,057	73,330	81,057
Income tax expense	(18,188)	(19,970)	(18,188)	(19,970)
Profit for the period, representing total comprehensive income	55,142	61,087	55,142	61,087
Basic earnings per share attributable to equity holders of the Company (sen per share)	10.47	11.68	10.47	11.68
Diluted earnings per share attributable to equity holders of the Company (sen per share)	10.45	11.66	10.45	11.66

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 2017 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 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
3 months ended 30 June 2017					
At 1 April 2017	222,448	-	1,341	491,785	715,574
Total comprehensive income	-	-	-	55,142	55,142
Transactions with owners					
Issue of ordinary shares pursuant to ESOS	1,607	-	-	-	1,607
Share options granted under ESOS	-	-	2,972	-	2,972
Total transactions with owners	1,607	-	2,972	-	4,579
At 30 June 2017	224,055	-	4,313	546,927	775,295

Note

Pursuant to the new Companies Act 2016 with effect from 31 January 2017, the share premium account became part of the share capital.

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 2017 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-17	30-Jun-16
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	73,330	81,057
Adjustments for:		
Amortisation of HDE	23,654	21,733
Amortisation of other intangible assets	59	46
Depreciation of plant and equipment	201	180
Plant and equipment written off	-	4
Gain on disposal of plant and equipment	-	(4)
Share of results of an associate	854	(303)
Deferred revenue recognised	(390)	(391)
Interest income	(2,357)	(1,348)
Distributions from investment securities	(48)	(191)
Profit element and fees on financing activities	16,753	18,121
Unwinding of discount	1,972	2,082
Profit sharing on Islamic investment	(1,629)	(2,168)
Provision for retirement benefits	107	67
Share options granted under ESOS	2,315	2,272
Provision for heavy repairs	2,491	3,870
Operating profit before working capital changes	117,312	125,027
Increase in sundry receivables	(39,648)	(44,015)
Decrease in sundry payables	(1,342)	(5,142)
Decrease in amount due from an associate	2,578	512
Cash generated from operations	78,900	76,382
Income tax paid	(20,790)	(13,621)
Net cash generated from operating activities	58,110	62,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for HDE	(2,795)	(318)
Purchase of plant and equipment	(4)	(101)
Payment for heavy repairs	(1,431)	(2,549)
Purchase of investment securities	(48)	(50)
Interest received	1,650	1,541
Profit sharing on Islamic investment received	2,520	1,995
Distributions received from investment securities	48	191
Proceeds from disposal of plant and equipment	-	4
Net cash generated from/(used in) investing activities	(60)	713

Lingkaran Trans Kota Holdings Berhad

Condensed Consolidated Statements of Cash Flows

	3 months ended	
	30-Jun-17	30-Jun-16
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares via exercise of ESOS	1,607	4,587
Profit element and fees on financing activities paid	(36,027)	(37,816)
Repayment of IMTN I	(110,000)	(70,000)
Net cash used in financing activities	<u>(144,420)</u>	<u>(103,229)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(86,370)	(39,755)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	547,054	419,051
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>460,684</u>	<u>379,296</u>

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

	As at	As at
	30-Jun-17	30-Jun-16
	RM'000	RM'000
Deposits with licensed financial institutions	458,680	375,734
Cash on hand and at banks	2,004	3,562
Cash and cash equivalents at 30 June	<u>460,684</u>	<u>379,296</u>

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 2017 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 2017

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 2017. 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 2017.

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 2017.

On 1 April 2017, 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 2017:

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
Amendments to MFRS 12	Annual Improvements to MFRSs 2014-2016 Cycle

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.

2. Changes in accounting policies (Cont'd)

MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these condensed consolidated interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation 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 2018:

MFRS 9	Financial Instruments (IFRS 9 as issued By IASB in July 2014)
MFRS 15 and Clarifications to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRSs	Annual Improvements to MFRSs 2014-2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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

MFRS 16	Leases
---------	--------

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 not have 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 2017.

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 335,000 new ordinary shares for cash pursuant to the Company's Employee Share Option Scheme (ESOS) at exercise price ranging between RM3.44 and RM5.32 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 2017

	Highway RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue				
Revenue from external customers	128,974	-	-	128,974
Inter-segment revenue	-	233	(233)	-
Total revenue	128,974	233	(233)	128,974
Result				
Segment results	89,636	(753)	40	88,923
Interest income	2,664	1,322	-	3,986
Profit from operations	92,300	569	40	92,909
Finance costs	(18,725)	-	-	(18,725)
Share of results of an associate	(854)	-	-	(854)
Profit before tax	72,721	569	40	73,330
Income tax expense	(18,025)	(163)	-	(18,188)
Profit for the period, representing total comprehensive income	54,696	406	40	55,142

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)

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

	Highway		Others		Eliminations		Consolidated	
	30-Jun-17	31-Mar-17	30-Jun-17	31-Mar-17	30-Jun-17	31-Mar-17	30-Jun-17	31-Mar-17
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets and liabilities								
Segment assets	1,871,489	1,947,846	211,400	205,563	(55,001)	(52,767)	2,027,888	2,100,642
Investment in an associate	177,657	178,511	-	-	-	-	177,657	178,511
Consolidated total assets	<u>2,049,146</u>	<u>2,126,357</u>	<u>211,400</u>	<u>205,563</u>	<u>(55,001)</u>	<u>(52,767)</u>	<u>2,205,545</u>	<u>2,279,153</u>
Segment liabilities	<u>1,430,836</u>	<u>1,562,743</u>	<u>1,950</u>	<u>1,098</u>	<u>(2,536)</u>	<u>(262)</u>	<u>1,430,250</u>	<u>1,563,579</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 2017.

14. Capital Commitments

The amount of commitments for capital expenditure not provided for in the interim financial statements as at 30 June 2017 are as follows:

	RM'000
Capital expenditure	
Approved and contracted for:	
Highway development expenditure	2,729
Other intangible assets	64
Total	2,793

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	20,971	20,971
Deferred tax	(2,783)	(2,783)
Total	18,188	18,188

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 2017 are as follows:

	RM'000
Secured:	
Long Term Borrowings	981,684
Short Term Borrowings	140,000
Total	1,121,684

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 2017 and 31 March 2017 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-17 RM'000	As at the end of last financial year 31-Mar-17 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	1,000,329	946,096
Unrealised (Note)	<u>(236,266)</u>	<u>(237,989)</u>
	764,063	708,107
Total share of accumulated losses from an associate		
Realised	(189,964)	(189,214)
Unrealised	<u>(25,308)</u>	<u>(25,204)</u>
	548,791	493,689
Less: Consolidation adjustments	<u>(1,864)</u>	<u>(1,904)</u>
Total group retained earnings as per financial statements	<u>546,927</u>	<u>491,785</u>

Note

This unrealised loss represents deferred tax liabilities and provision for heavy repairs recognised in a subsidiary company as at 30 June 2017 and 31 March 2017.

20. Material litigations

There were no pending material litigations. There has been no change in the situation since 31 March 2017 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 RM73.3 million for the current quarter as compared to RM65.5 million recorded in the immediate preceding quarter. The increase in profit before taxation in the current quarter is mainly attributable to the following:

- (a) Lower share of loss in an associate, Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (“SPRINT Group”) in the current quarter as compared to the immediate preceding quarter. The lower share of loss in SPRINT Group in the current quarter is due mainly to a one-off higher amortisation of highway development expenditure (HDE) charge recognised in the immediate preceding quarter as a result of the adjustments made to the projected traffic volume based on the latest toll traffic forecast prepared by an independent consultant in the immediate preceding quarter; and
- (b) Higher maintenance expense incurred in the immediate preceding quarter due mainly to expenses incurred and accrued for during the final quarter of the financial year.

However, the increase in profit before taxation in the current quarter was moderated by the following:

- (i) Lower revenue due to lower ancillary income recognised in the current quarter,
- (ii) Higher employee benefits expenses in the current quarter due mainly to share options granted under the employee share option scheme (ESOS); and
- (iii) Lower other expenses in the immediate preceding quarter due mainly to one-off recovery of licence fees for advertising structures along Damansara-Puchong Highway (LDP).

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 revenue of RM129.0 million as compared to RM131.2 million recorded in the immediate preceding quarter and RM136.0 million recorded in the preceding year corresponding quarter. The lower revenue achieved in the current quarter as compared to the immediate preceding quarter is due mainly to lower ancillary income recorded in the current quarter whereas lower revenue achieved in the current quarter as compared to the preceding year corresponding quarter is due mainly to lower traffic volume plying the LDP recorded in the current quarter.

For the current quarter and financial year-to-date, the Group recorded lower profit before taxation of RM73.3 million as compared to RM81.1 million in the immediate preceding corresponding period. This is mainly attributable to the following:

- (i) Lower revenue achieved due to lower traffic volume plying the LDP;
- (ii) Higher depreciation and amortisation charge recognised in the current quarter and financial year-to-date; and
- (iii) Share of loss in SPRINT Group in the current quarter and financial year-to-date of RM0.9 million as compared to share of profit of RM0.3 million recorded in the immediate preceding corresponding period. The share of loss in SPRINT Group in the current quarter and financial year-to-date is due mainly to lower revenue recognised attributable to lower traffic volume; and higher amortisation of HDE charge.

23. Current financial 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 (Littrak) 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.

If the Government decides to continue with the deferment of the toll increase to users, Littrak can expect tollable traffic volume to remain fairly stable and constant in the short term even after taking into account an anticipated marginal drop in traffic as a result of the completion of the Kelana Jaya and Ampang Light Rail Transit (LRT) Extension lines in June 2016 and the opening of the Mass Rapid Transit (MRT) Sungai Buloh-Kajang line in July 2017. The traffic data is being closely monitored as a result of these events.

Should the Government decide to pass on the full final toll increase to road users, then Littrak can expect a significant drop in tollable traffic volume, and correspondingly, revenue, similar to what occurred in October 2015 when toll rates were increased.

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 29 August 2017, the Board of Directors has approved a single tier (exempt from tax) interim dividend of 15 sen per ordinary share for the financial year ending 31 March 2018.

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 10 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 RM55.142 million by the weighted average number of ordinary shares outstanding during the period of 526.575 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 RM55.142 million by the weighted average number of ordinary shares outstanding during the period including dilutive potential ordinary shares, of 527.511 million calculated as follows:

	Million shares
Weighted average number of ordinary shares	526.575
Effects of dilution: Exercise of Employee Share Option Scheme	0.936
Weighted average number of ordinary shares for diluted earnings per share computation	527.511

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 June 17 RM'000	Current Year-to-date 30 June 17 RM'000
(a)	Interest income	(3,986)	(3,986)
(b)	Other income	(206)	(206)
(c)	Finance costs	18,725	18,725
(d)	Depreciation and amortisation	23,914	23,914
(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.