

Lingkaran Trans Kota Holdings Berhad (335382-V)

**Condensed Consolidated Statements of Financial Position
As at 30 September 2019**

	As at 30-Sep-19 RM'000	As at 31-Mar-19 RM'000
Assets		
Non-current assets		
Highway development expenditure ("HDE")	1,208,295	1,256,102
Plant and equipment	1,721	2,024
Other intangible assets	1,150	1,256
Investment in an associate	185,706	175,665
	<u>1,396,872</u>	<u>1,435,047</u>
Current assets		
Sundry receivables	210,532	125,328
Amount due from an associate	909	1,189
Tax recoverable	2	9
Investment securities	14,699	14,435
Cash and bank balances	468,545	641,490
	<u>694,687</u>	<u>782,451</u>
Total assets	<u>2,091,559</u>	<u>2,217,498</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	242,727	231,269
Other reserve	8,589	6,215
Retained earnings	776,182	692,521
Total equity	<u>1,027,498</u>	<u>930,005</u>
Liabilities		
Non-current liabilities		
Deferred revenue	15,489	16,270
Deferred tax liabilities	187,551	191,466
Borrowings	577,775	774,809
Retirement benefit obligations	4,689	4,454
Provision for heavy repairs	18,221	20,209
	<u>803,725</u>	<u>1,007,208</u>
Current liabilities		
Provision for heavy repairs	8,369	8,369
Borrowings	200,000	220,000
Sundry payables	30,873	38,661
Tax payable	21,094	13,255
	<u>260,336</u>	<u>280,285</u>
Total liabilities	<u>1,064,061</u>	<u>1,287,493</u>
Total equity and liabilities	<u>2,091,559</u>	<u>2,217,498</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Lingkaran Trans Kota Holdings Berhad (335382-V)

Condensed Consolidated Statements of Comprehensive Income
for the period ended 30 September 2019

	Individual Period		Cumulative Period	
	Current Year Quarter 30-Sep-19 RM'000	Preceding Year Corresponding Quarter 30-Sep-18 RM'000	Current Year To Date 30-Sep-19 RM'000	Preceding Year Corresponding Period 30-Sep-18 RM'000
Revenue	131,190	132,273	260,030	258,490
Employee benefits expenses	(6,334)	(6,559)	(14,305)	(14,410)
Maintenance expenses	(3,877)	(5,996)	(6,096)	(11,186)
Depreciation and amortisation	(24,302)	(24,483)	(48,255)	(48,051)
Other expenses	(2,621)	(2,526)	(4,866)	(4,810)
	(37,134)	(39,564)	(73,522)	(78,457)
	94,056	92,709	186,508	180,033
Interest income	4,344	4,913	8,544	9,067
Other income	324	450	636	858
Finance costs	(13,122)	(16,581)	(26,598)	(33,302)
Share of result of an associate	4,830	(539)	10,041	(1,609)
Profit before tax	90,432	80,952	179,131	155,047
Income tax expense	(21,451)	(20,388)	(42,382)	(39,247)
Profit for the period, representing total comprehensive income for the period	68,981	60,564	136,749	115,800
Earnings Per Share (EPS)				
Basic EPS				
attributable to equity holders of the Company (sen per share)	13.00	11.47	25.83	21.93
Diluted EPS				
attributable to equity holders of the Company (sen per share)	12.99	11.47	25.82	21.93

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Lingkaran Trans Kota Holdings Berhad (335382-V)

Condensed Consolidated Statements of Changes in Equity

	← Non-distributable →		Distributable	
	Share capital	Other reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
FY 2020				
<u>6 months ended 30 September 2019</u>				
At 1 April 2019	231,269	6,215	692,521	930,005
Total comprehensive income	-	-	136,749	136,749
Transactions with owners				
Issuance of ordinary shares pursuant to ESOS	11,458	-	-	11,458
Share options granted under ESOS	-	2,374	-	2,374
Dividends	-	-	(53,088)	(53,088)
Total transactions with owners	11,458	2,374	(53,088)	(39,256)
At 30 September 2019	242,727	8,589	776,182	1,027,498
FY 2019				
<u>6 months ended 30 September 2018</u>				
At 1 April 2018	230,940	3,573	588,404	822,917
Total comprehensive income	-	-	115,800	115,800
Transactions with owners				
Issuance of ordinary shares pursuant to ESOS	263	-	-	263
Share options granted under ESOS	-	1,995	-	1,995
Dividends	-	-	(52,797)	(52,797)
Total transactions with owners	263	1,995	(52,797)	(50,539)
At 30 September 2018	231,203	5,568	651,407	888,178

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Lingkaran Trans Kota Holdings Berhad (335382-V)

**Condensed Consolidated Statements of Cash Flows
for the period ended 30 September 2019**

Current Year To Date 30-Sep-19	Preceding Year Corresponding Period 30-Sep-18
RM'000	RM'000

Cash Flows From Operating Activities

Profit before tax	179,131	155,047
Adjustments for:		
Amortisation of HDE	47,806	47,541
Amortisation of other intangible assets	102	121
Depreciation of plant and equipment	347	389
Other intangible assets written off	4	1
Gain on disposal of plant and equipment	(5)	(5)
Share of result of an associate	(10,041)	1,609
Deferred revenue recognised	(781)	(781)
Interest income	(3,056)	(3,888)
Distribution from investment securities	(264)	(454)
Profit element and fees on IMTNs	23,632	29,697
Unwinding of discount on IMTNs	2,966	3,605
Profit sharing on Islamic investment	(5,488)	(5,179)
Provision for retirement benefits	235	235
Reversal of doubtful debts	(1,001)	-
Share options granted under ESOS	1,781	1,539
Provision for heavy repairs	-	5,491
Operating profit before working capital changes	<u>235,368</u>	<u>234,968</u>
Changes in receivables	(81,863)	(1,354)
Changes in payables	(2,038)	(3,269)
Changes in amount due from an associate	873	720
Cash generated from operations	<u>152,340</u>	<u>231,065</u>
Income tax paid	(38,451)	(37,346)
Net cash generated from operating activities	<u>113,889</u>	<u>193,719</u>

Cash Flows From Investing Activities

Payments for HDE	(62)	(1,839)
Purchase of plant and equipment	(44)	(174)
Payments for heavy repairs	(1,988)	(1,592)
Purchase of investment securities	(264)	(454)
Interest received	2,487	2,881
Profit sharing received from Islamic investment	3,717	3,625
Distribution received from investment securities	264	454
Proceeds from disposal of plant and equipment	5	5
Net cash generated from investing activities	<u>4,115</u>	<u>2,906</u>

Lingkaran Trans Kota Holdings Berhad (335382-V)

Condensed Consolidated Statements of Cash Flows
for the period ended 30 September 2019

Current Year To Date 30-Sep-19 RM'000	Preceding Year Corresponding Period 30-Sep-18 RM'000
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Cash Flows From Financing Activities

Proceeds from issuance of ordinary shares via exercise of ESOS	11,458	263
Profit element and fees paid on IMTNs	(29,319)	(33,140)
Dividends paid	(53,088)	(52,797)
Repayment of IMTN I	(220,000)	(140,000)
Net cash used in financing activities	(290,949)	(225,674)
Net decrease in cash and cash equivalents	(172,945)	(29,049)
Cash and cash equivalents at beginning of the year	641,490	579,587
Cash and cash equivalents at end of the period	468,545	550,538

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

Deposits with licensed financial institutions	464,117	546,270
Cash on hand and at banks	4,428	4,268
Cash and cash equivalents at end of the period	468,545	550,538

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Lingkaran Trans Kota Holdings Berhad (335382-V)

Quarterly Report On Consolidated Results For The Period Ended 30 September 2019

Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

1. Basis of Preparation

The interim financial report has 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.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2019, which have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and the Companies Act 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 2019.

2. Changes in Accounting Policies

The accounting policies and presentation adopted for the condensed consolidated interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 March 2019.

On 1 April 2019, the Group and the Company adopted the following Malaysian Financial Reporting Standard (“MFRS”), Amendments to MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 January 2019:

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

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRSs	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement

The adoption of the above standards did not have any material impact on the financial statements of the Group and of the Company.

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Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

2. Changes in Accounting Policies (Cont'd)

MFRS and Amendments to MFRSs issued but not yet effective

At the date of authorisation of these condensed consolidated interim financial statements, the following MFRS 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 2020:

Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
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Effective for annual periods beginning on or after 1 January 2021:

MFRS 17	Insurance Contracts
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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
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The adoption of the above standards will not have material impact on the financial statements of the Group and of the Company in the period of initial application.

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 2019.

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.

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Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

7. Debt and Equity Securities

During the financial period to date, the Company increased its issued and paid up share capital (excluding share premium) from 527,975,618 as at 31 March 2019 to 530,888,618 as at 30 September 2019 by way of issuance of 2,913,000 new ordinary shares pursuant to the exercise of the Employee Share Option Scheme (“ESOS”) at exercise prices ranging between RM3.45 and RM4.18 per ordinary share.

There were no cancellations, repurchases, resale of equity securities for the current period to date.

8. Dividend

No dividend is recommended for the current quarter. For the current financial year-to-date, the Board of Directors had declared a single-tier (exempt from tax) interim dividend of 10 sen per ordinary share which was paid on 27 September 2019.

No dividend was declared in the previous year corresponding quarter ended 30 September 2018.

The total dividend for the current financial period is a single-tier interim dividend of 10 sen per ordinary share.

9. Dividends Paid

	6 months ended 30-Sep-19	6 months ended 30-Sep-18
	RM'000	RM000
<u>Interim Dividends</u>		
Interim single-tier (exempt from tax) dividend of 10 sen per ordinary share for the financial year ending 31 March 2020 paid on 27 September 2019	53,088	-
(Interim single-tier (exempt from tax) dividend of 10 sen per ordinary share for the financial year ended 31 March 2019 paid on 28 September 2018)	-	52,797
	53,088	52,797

Lingkaran Trans Kota Holdings Berhad (335382-V)

Quarterly Report On Consolidated Results For The Period Ended 30 September 2019

Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

10. Segment Analysis

	Highway RM'000	Others RM'000	Inter-segment Eliminations RM'000	Total RM'000
6 months ended 30 September 2019				
Revenue				
Revenue from external customers	260,030	-	-	260,030
Inter-segment revenue	-	50,535	(50,535)	-
Total revenue	260,030	50,535	(50,535)	260,030
Results				
Segment results	187,796	49,255	(49,907)	187,144
Interest/profit income	8,159	385	-	8,544
Profit from operations	195,955	49,640	(49,907)	195,688
Finance costs	(26,598)	-	-	(26,598)
Share of result of an associate	10,041	-	-	10,041
Profit before tax	179,398	49,640	(49,907)	179,131
Income tax expense	(42,170)	(212)	-	(42,382)
Profit for the period, representing total comprehensive income for the period	137,228	49,428	(49,907)	136,749
6 months ended 30 September 2018				
Revenue				
Revenue from external customers	258,490	-	-	258,490
Inter-segment revenue	-	535	(535)	-
Total revenue	258,490	535	(535)	258,490
Results				
Segment results	181,443	(639)	87	180,891
Interest/profit income	7,977	1,090	-	9,067
Profit from operations	189,420	451	87	189,958
Finance costs	(33,302)	-	-	(33,302)
Share of result of an associate	(1,609)	-	-	(1,609)
Profit before tax	154,509	451	87	155,047
Income tax expense	(38,873)	(374)	-	(39,247)
Profit for the period, representing total comprehensive income for the period	115,636	77	87	115,800

Lingkaran Trans Kota Holdings Berhad (335382-V)

Quarterly Report On Consolidated Results For The Period Ended 30 September 2019

Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

10. Segment Analysis (Cont'd)

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

	Highway		Others		Inter-segment Eliminations		Total	
	30-Sep-19	31-Mar-19	30-Sep-19	31-Mar-19	30-Sep-19	31-Mar-19	30-Sep-19	31-Mar-19
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets and liabilities								
Segment assets	1,866,016	2,012,346	92,310	82,238	(52,473)	(52,751)	1,905,853	2,041,833
Investment in an associate	185,706	175,665	-	-	-	-	185,706	175,665
Consolidated total assets	2,051,722	2,188,011	92,310	82,238	(52,473)	(52,751)	2,091,559	2,217,498
Segment liabilities	1,063,135	1,286,652	1,114	1,215	(188)	(374)	1,064,061	1,287,493

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.

11. Explanatory Notes for Assets

(a) Valuation of Plant and Equipment

All plant and equipment of the Group are carried at cost less accumulated depreciation and impairment losses.

(b) Sundry Receivables

Included in sundry receivables of the Group is an amount of RM205 million as at 30 September 2019 (31 March 2019: RM122 million) representing a subsidiary's toll compensation claim receivable from the Government of Malaysia (the "Government") for the imposition of toll rates lower than those as provided for in the Concession Agreement. Subsequent to the reporting date, the Group received the compensation of RM165 million from the Government in October 2019.

12. Material Events Subsequent to the Balance Sheet Date

Except for as disclosed in Note 17, there were no material events subsequent to the end of the quarter under review.

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Quarterly Report On Consolidated Results For The Period Ended 30 September 2019

Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

13. 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 except for the strike off of the following wholly-owned inactive subsidiaries of the Company, namely-

- (i) Midawasa Sdn Bhd
- (ii) Penyenggaraan Litrak Sdn Bhd
- (iii) Sukma Sinaran Sdn Bhd

from the register of Companies Commission of Malaysia (CCM) with effect from 11 July 2019.

14. Changes in Contingent Liabilities or Contingent Assets

There are no significant contingent liabilities or contingent assets.

15. Capital Commitments

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

	As at 30-Sep-19 RM'000
Capital expenditure	
Approved and contracted for:	
Plant and equipment	218
Approved but not contracted for:	
Highway development expenditure	6,909
Total	7,127

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Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

16. Income Tax Expense

	Current Quarter 30-Sep-19 RM'000	Current Year To Date 30-Sep-19 RM'000
Income tax	25,350	46,297
Deferred tax	(3,899)	(3,915)
Total	21,451	42,382

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

17. Status of Corporate Proposals

On 21 June 2019, the Company received a Letter of Offer ("LITRAK Offer") from Minister of Finance Incorporated ("MOF Inc") in respect of the MOF Inc's proposed offer to acquire all the securities of Lingkar Trans Kota Sdn Bhd ("LITRAK"), a wholly-owned subsidiary of the Company with a sum equivalent to RM2,470 million less any outstanding indebtedness as at 31 December 2019.

On the same date, Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings"), the Company's 50% associated company, received a Letter of Offer ("SPRINT Offer") from MOF Inc in respect of the MOF Inc's proposed offer to acquire all the securities of Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT"), a wholly-owned subsidiary of SPRINT Holdings with a sum equivalent to RM1,984 million less any outstanding indebtedness as at 31 December 2019.

Simultaneously, the MOF Inc extended its offers to acquire all the securities of KESAS Sdn Bhd ("KESAS Offer") and Syarikat Mengurus Air Banjir Dan Terowong Sdn Bhd ("SMART Offer"). The LITRAK Offer, SPRINT Offer, KESAS Offer and SMART Offer are inter-conditional upon each other.

On 3 July 2019, the Board of Directors of the Company has accepted the LITRAK Offer and SPRINT Offer. The inter-conditional of the offers have also been met upon acceptance of the offers by the respective Concession Holding Companies. The offers as a whole will be subject to shareholders approval of Gamuda requiring a simple majority vote, whereas the LITRAK Offer and SPRINT Offer collectively will be subject to shareholders approval of the Company requiring a 75% majority vote.

Lingkaran Trans Kota Holdings Berhad (335382-V)

Quarterly Report On Consolidated Results For The Period Ended 30 September 2019

Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

17. Status of Corporate Proposals (Cont'd)

The LITRAK Offer and SPRINT Offer are subject to the following conditions:

- (a) Satisfactory due diligence findings;
- (b) The approval of the Cabinet of Malaysia;
- (c) The execution of the Definitive Agreements in respect of LITRAK Offer and SPRINT Offer, and adherence to the terms of these offers;
- (d) The requisite approval from the shareholders of the Company for the disposal of the securities held in LITRAK and SPRINT;
- (e) The requisite approval from the shareholders of SPRINT Holdings for the disposal of the securities held in SPRINT; and
- (f) The approval or consent of the creditors of the Company/SPRINT Holdings and/or LITRAK/SPRINT, where applicable.

On 28 August 2019, MOF Inc, the Company and SPRINT Holdings have mutually agreed to extend the Cut-Off Date to negotiate and finalise the terms of the Definitive Agreements from 30 August 2019 to 31 October 2019 in respect of the LITRAK Offer and SPRINT Offer.

On 30 October 2019, MOF Inc, the Company and SPRINT Holdings have mutually agreed to the following in respect of LITRAK Offer and SPRINT Offer:

- (i) The Cut-Off date to negotiate and finalise the terms of the Definitive Agreements shall be further extended from 31 October 2019 to 31 December 2019;
- (ii) The Long Stop Date to satisfy the Conditions Precedent shall be extended from 29 November 2019 to 29 February 2020; and
- (iii) The date of Completion shall be extended from 31 December 2019 to a date which shall be no later than 31 March 2020.

Lingkar Trans Kota Holdings Berhad (335382-V)

Quarterly Report On Consolidated Results For The Period Ended 30 September 2019

Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

18. Group Borrowings and Debt Securities

The details of the Group's borrowings as at the end of the period are as follows:

	As at 30-Sep-19 RM'000	As at 30-Sep-18 RM'000
Secured:		
<u>Long Term Borrowings</u>		
Sukuk Musyarakah Medium Term Notes - IMTN I and IMTN II	577,775	771,204
<u>Short Term Borrowings</u>		
Sukuk Musyarakah Medium Term Notes - IMTN I	200,000	220,000
Total Borrowings	777,775	991,204

Sukuk Musyarakah Medium Term Notes - IMTN I and IMTN II were issued in 10 series and 3 series respectively, with maturities from April 2013 to April 2023. The interest rate/profit element is fixed ranges from 4.6% to 6.0% per annum.

The Group borrowings are denominated in Ringgit Malaysia.

The repayment during the period are as follows:

	6 months ended 30-Sep-19 RM'000	6 months ended 30-Sep-18 RM'000
Repayment during the period	220,000	140,000

19. Disclosure of Derivatives

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

20. Material Litigations

There were no pending material litigations. There has been no change in the situation since 31 March 2019 to a date not earlier than 7 days from the date of issue of this announcement.

Lingkaran Trans Kota Holdings Berhad (335382-V)

Quarterly Report On Consolidated Results For The Period Ended 30 September 2019

Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

21. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 30-Sep-19	Immediate Preceding Quarter 30-Jun-19	Changes
	RM'000	RM'000	%
Revenue	131,190	128,840	1.8%
Profit Before Tax	90,432	88,699	2.0%
Profit After Tax	68,981	67,768	1.8%

(a) Revenue

The Group registered higher revenue of RM131.2 million in the current quarter as compared to RM128.8 million recorded in the immediate preceding quarter mainly due to the increase in toll revenue arising from higher traffic volume plying the Lebuhraya Damansara Puchong highway ("LDP").

(b) Profit before tax

Similarly, the Group recorded higher profit before tax of RM90.4 million in the current quarter as compared to RM88.7 million recorded in the immediate preceding quarter mainly due to higher toll revenue as mentioned in (a) above.

(c) Profit after tax

The Group achieved profit after tax of RM69.0 million in the current quarter as compared to RM67.8 million in the immediate preceding quarter mainly due to the reasons as mentioned above.

22. Review of Performance for the Current Quarter and Financial Year to Date

	← Individual Period →			← Cumulative Period →		
	Current Year Quarter 30-Sep-19	Preceding Year Corresponding Quarter 30-Sep-18	Changes	Current Year To Date 30-Sep-19	Preceding Year Corresponding Period 30-Sep-18	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	131,190	132,273	-0.8%	260,030	258,490	0.6%
Profit Before Tax	90,432	80,952	11.7%	179,131	155,047	15.5%
Profit After Tax	68,981	60,564	13.9%	136,749	115,800	18.1%

(a) Revenue: Current Quarter

For the current quarter, the Group recorded slightly lower revenue of RM131.2 million as compared to RM132.3 million recorded in the preceding year corresponding quarter mainly due to lower traffic volume plying the LDP.

Lingkaran Trans Kota Holdings Berhad (335382-V)

Quarterly Report On Consolidated Results For The Period Ended 30 September 2019

Explanatory Notes to the Interim Financial Statements

(The figures have not been audited)

22. Review of Performance for the Current Quarter and Financial Year to Date (Cont'd)

(b) Revenue: Current Year to Date

For the current year to date, the Group recorded slightly higher revenue of RM260.0 million as compared to RM258.5 million recorded in the preceding year corresponding period.

In the preceding year corresponding period, the Group recorded lower revenue due to the following:

- (i) Lower traffic volume plying the LDP including the effect of additional public holiday in connection with the GE14 in May 2018; and
- (ii) Toll discounts of 10% for Class 1 users on GE14 and festive toll discounts of 50% for all Classes for 2 days before Hari Raya Aidilfitri pursuant to directives from the Government.

(c) Profit before tax: Current Quarter

For the current quarter, despite the slightly lower revenue as mentioned in (a) above, the Group achieved higher profit before tax of RM90.4 million in the current quarter as compared to RM81.0 million recorded in the preceding year corresponding quarter mainly attributable to the following:

- (i) Lower maintenance expenses;
- (ii) Lower finance cost pursuant to scheduled repayment of bonds in April 2019; and
- (iii) Share of higher profit in SPRINT Group amounting to RM4.8 million in the current quarter as compared to share of loss of RM0.5 million recorded in the preceding year corresponding quarter. SPRINT Group recognised higher revenue from the scheduled toll rates increase for Penchala Link – Mont Kiara Toll Plaza commencing on 1 January 2019.

(d) Profit before tax: Current Year to Date

The Group achieved higher profit before tax of RM179.1 million in the current year to date as compared to RM155.0 million recorded in the preceding year corresponding period. The increase in profit before tax mainly attributable to the following:

- (i) Higher toll revenue as mentioned in (b) above;
- (ii) Lower maintenance expenses;
- (iii) Lower finance cost pursuant to scheduled repayment of bonds in April 2019; and
- (iv) Share of higher profit in SPRINT Group amounting to RM10.0 million in the current year to date as compared to share of loss of RM1.6 million recorded in the preceding year corresponding period due to reason as mentioned in (c)(iii) above.

(e) Profit after tax

The variance in profit after tax recorded in the current quarter and current year to date is mainly due to the reasons as mentioned above.

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(The figures have not been audited)

23. Current Year Prospects

Notwithstanding the proposed takeover offers by the Government as discussed in Note 17, the Government had in 2019 announced a freeze in toll rates for all 21 highways which were eligible for an increase in 2019 in order to alleviate the burden of rising living costs of the *Rakyat*. Accordingly, for the Group, toll rates on LDP and SPRINT Highway's Kerinchi Link and Penchala Link will remain unchanged and compensation payable by the Government will be determined in accordance with the provisions of the respective Concession Agreements.

Going forward, traffic volume on both LDP and SPRINT Highway are expected to see marginal growth. Competition from competing road alignments and public transportation will continue to negatively affect the tollable traffic volume for both highways of the Group. The Group is also monitoring the impact of the recently introduced (effective 1 January 2019) subsidised monthly pass i.e. the RM100 unlimited monthly pass for all rail (MRT, LRT, Monorail), BRT, Rapid KL buses and MRT feeder buses by the Government to improve ridership of such public transportation modes.

For LDP, as there is no longer any scheduled toll increase until the end of the concession, revenue growth can only be achieved by tollable traffic growth. Similarly for SPRINT Highway-Penchala Link, there is no further scheduled toll increase from 2019 until the end of the concession. However, for SPRINT Highway's Damansara Link and Kerinchi Link, there is still one last scheduled toll rate increase for both toll plazas in 2022. Hence, revenue growth can be expected from both tollable traffic growth and toll rates increases.

Should the proposed takeover materialise, the Group will then have disposed its entire interests in both Lingkar Trans Kota Sdn Bhd and Sistem Penyuraian Trafik KL Barat Sdn Bhd, the concession owners of LDP and SPRINT Highway respectively. Consequently, the Company will be deemed a Practice Note 16 ("PN16") Cash Company according to Bursa Malaysia's Main Market Listing Requirements ("MMLR"). As such, the Board/Company will then have to decide on the utilisation of proceeds derived from the sale of LDP and SPRINT Highway and reassess the future direction of the Group. The Board is currently still assessing the available options to the Company and our shareholders.

24. Profit Forecast or Profit Guarantees

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

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25. Earnings Per Share

	Current Quarter 30-Sep-19	Current Year To Date 30-Sep-19
Basic		
Profit attributable to equity holders (RM'000)	68,981	136,749
Weighted average number of ordinary shares in issue ('000)	530,792	529,421
Basic earnings per ordinary share (sen)	13.00	25.83
Diluted		
Profit attributable to equity holders (RM'000)	68,981	136,749
Weighted average number of ordinary shares in issue ('000)	530,792	529,421
Effect of dilution via exercise of ESOS ('000)	297	241
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	531,089	529,662
Diluted earnings per ordinary share (sen)	12.99	25.82

26. 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.

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27. Disclosure of Amount of Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities at the end of the quarter. The financial liabilities of the Group are not designated at fair value through profit or loss.

The above disclosure was prepared in accordance with paragraph 19 of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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-Sep-19	Current Year To Date 30-Sep-19
	RM'000	RM'000
Interest income	(4,344)	(8,544)
Other income	(324)	(636)
Finance costs	13,122	26,598
Depreciation and amortisation	24,302	48,255
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-

The above disclosure was prepared in accordance with paragraph 16 of Appendix 9B of the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to paragraph 16 of MMLR are not applicable to the Group.